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Public Accounts

For the Fiscal Year Ended March 31, 2001

BRITISH COLUMBIA

Ministry of Finance
Office of the Comptroller General

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July 30, 2001
Victoria, British Columbia

Lieutenant Governor of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

The undersigned has the honour to present the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2001.

GARY COLLINS
Minister of Finance

Ministry of Finance
Victoria, British Columbia
July 30, 2001

Honourable GARY COLLINS
Minister of Finance

I have the honour to submit herewith the Public Accounts of the Government of the Province of British Columbia for the fiscal year ended March 31, 2001.

Respectfully submitted,

ARN VAN IERSEL
Comptroller General

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British Columbia's Public Accounts

Setting The Course

The Public Accounts are one of the province's key accountability documents to the citizens of British Columbia. The Public Accounts represent the primary report on the province's financial status and operations against the financial plan tabled in the Legislature for the previous fiscal year. It is critical, therefore, that the Public Accounts be comprehensive, accurate, timely and independently verified to maintain the trust of all readers.

In co–operation with the Select Standing Committee on Public Accounts of the Legislature, the Auditor General, and government ministers and ministries, the Office of the Comptroller General continues to strive to make improvements to the Public Accounts such that British Columbia maintains its leadership role in accounting and reporting for senior governments in Canada.

Consistent with the above, improvements for the 2000/01 Public Accounts include the following:

1. Completion and release of the Public Accounts by July 30, 2001—our earliest date yet and well ahead of the legislated deadline of August 31, 2001.
2. A new Statement of Net Liabilities which moves net liabilities information from a note to a separate statement.
3. Improved notes to the financial statements which more fully explain the various statement figures (e.g. the unfunded pension liabilities, loans, advances and mortgages receivable, and other investments).
4. Multi–year information on the Detailed Summary Accounts schedule and Provincial Debt.

British Columbia continues with its "One Bottom Line", i.e., the Summary Financial Statements of the Government of the Province of British Columbia including ministries, Crown corporations and agencies. While the Auditor General continues to believe that the statements should further include schools, universities, colleges and institutes, and health care organizations, we do not believe this is appropriate or consistent with the practices of other senior governments in Canada. For full disclosure, however, we also show the results on the Auditor General's preferred entity which, for 2000/01, would have improved the province's bottom line by $98 million.

We continue to make use of the Internet as an information distribution tool recognizing the importance of this medium and its ease of access. The full Public Accounts package is available at www.fin.gov.bc.ca. As in the past, a browser is included for more quickly finding the information you are seeking.

I would like to thank the staff of the Office of the Auditor General for their advice and co–operation in completing the 2000/01 Public Accounts. Without their support, we could not have further advanced the release date. We look forward to continuing a positive and productive relationship.

My office is committed to further improving the Public Accounts. If you have any comments or questions regarding the Public Accounts documents, please contact me by mail at PO BOX 9413 STN PROV GOVT, VICTORIA BC V8W 9V1, by email at Arn.vanIersel@gems8.gov.bc.ca, by telephone (250) 387–6692 or fax (250) 356-2001.

ARN VAN IERSEL
Comptroller General

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Public Accounts Content

Overview—provides a written commentary on the Summary Financial Statements plus additional information on the financial performance of the government is provided at the beginning of the volume.

Summary Financial Statements—these audited statements have been prepared to disclose the financial impact of the government's activities. They aggregate the Consolidated Revenue Fund and government organizations (taxpayer–supported Crown corporations and agencies) and government enterprises (self–supported Crown corporations and agencies).

Supplementary Information (Unaudited)—this section provides supplementary schedules containing detailed information on the results of Crown corporations and agencies that are part of the government reporting entity.

Additional information is also included on the impact of including schools, universities, colleges and institutes, and health care organizations, in the government reporting entity. They currently are not considered a part of the government reporting entity because each is part of a province–wide program but are locally based and have an initial accountability to a local board.

Consolidated Revenue Fund Extracts (Unaudited)—the Consolidated Revenue Fund (CRF) reflects the core operations of the province as represented by the operations of government ministries and legislative offices. Its statements are included in an abridged form. The CRF Extracts include a summary of CRF operating results, schedule of net revenue by source, schedule of expenses, schedule of financing transactions and a schedule of write-off, remission and forgiveness, as required by statute.

Provincial Debt Summary—presents schedules and statements that provide further details on provincial debt and reconcile the Summary Financial Statements to the province's total debt as reported in the Debt Statistics report. Also included are the audited Summary of Provincial Debt, Summary of Key Benchmarks and Key Indicators of Provincial Debt.

This publication is available on the Internet at: www.fin.gov.bc.ca

Additional Information Available

The following information is available only on the Internet at: www.fin.gov.bc.ca

Consolidated Revenue Fund Schedules—this section contains schedules that provide details of financial activities of the province's Consolidated Revenue Fund, including details of expenses by ministerial appropriations, together with an analysis of statutory appropriations, Special Accounts and Special Funds, and financing transactions.

Detailed Schedules of Payments—this section contains detailed schedules of salaries, wages, travel expenses, grants and other payments.

Financial Statements of Crown Corporations and Agencies—this section contains the audited financial statements of Crown corporations and agencies included in the reporting entity.

Trust Funds Financial Statements—this section contains the audited financial statements of the pension, superannuation and long–term disability funds administered by the government. A summary of financial information for trust funds is also included in this section.

Summaries of Financial Statements of Corporations and Agencies to which the Financial Information Act applies—this section contains summaries of the financial statements of corporations, associations, boards, commissions, societies and public bodies required to report under the *Financial Information Act* (R.S.B.C. 1996, chap. 140, sec. 2).

Provincial Financial Reporting Overview

The focus of the government's financial reporting is the Summary Financial Statements, which consolidate the operating and financial results of the government's Crown corporations and agencies with the Consolidated Revenue Fund. These are general–purpose statements designed to meet, to the extent possible, the information needs of a variety of users.

The Summary Financial Statements include a Balance Sheet, showing our financial position in terms of total assets and liabilities, and a Statement of Operations presenting both the actual and budgeted results of operations in terms of revenues and expenses using full accrual accounting. Statements are also included which show the changes in cash and temporary investments in terms of sources and uses of financial resources, and the net liabilities of the government in terms of capital and operating components.

The Public Accounts are prepared in accordance with the *Financial Administration Act*, the *Budget Transparency and Accountability Act* (BTAA), and the *Balanced Budget Act* (BBA).

The BTAA requires that the Public Accounts be made public by August 31st each year, and focused on the Summary Financial Statements. The reporting entity upon which the Summary Financial Statements are based is determined pursuant to the requirements of the BTAA. The BTAA also requires that the Estimates be prepared on the Summary, rather than the Consolidated Revenue Fund, basis; this facilitates comparison with the actual results of operations as reported in the Public Accounts. This change to the Estimates was implemented for fiscal 2000/01.

The BBA was enacted during fiscal 2000/01. The purpose of this legislation is to bring revenues and expenses into balance in a manner that protects the health and safety of British Columbians from emergency or unexpected circumstances. The BBA requires that the main Estimates for a fiscal year must not forecast a deficit for that fiscal year which is greater than the maximum deficit set out in the Act. The maximum deficit for fiscal 2000/01 is $1,278 million. The BBA also requires that, when there has been a change in the reporting entity or accounting policies since the preparation of the Estimates, the Public Accounts must include a calculation of the surplus or deficit for the year on a basis consistent with the Estimates. A schedule detailing this calculation can be found on page 14.

The Public Accounts are printed in one volume and include the Overview, the Summary Financial Statements, Supplementary Information (Unaudited), Summary Financial Statements Including SUCH Sector, Consolidated Revenue Fund Extracts (Unaudited), and the Provincial Debt Summary. Additional information is available on the Internet at: www.fin.gov.bc.ca

Tangible Capital Assets

Implementation of the government's long–term plan to capitalize assets held by the government and its organizations continues. The plan provides for the capitalization and amortization of those classes of assets for which the estimated and actual values can be readily ascertained. As the plan proceeds, this process is reviewed and refined to provide the best and most accurate information available.

Prior to fiscal 2000/01, the province capitalized the following asset groups: certain land, vehicles, ferries, highway infrastructure, buildings, tenant improvements, heavy equipment, operating equipment, transportation equipment, and mainframe, mini, and micro computer systems.

During fiscal 2000/01, office furniture and equipment was capitalized by the province. The upcoming fiscal year will see the capitalization of land improvements, including recreational areas, as well as dams and water management systems.

Pension Accounting

As various pension funds progress toward net asset status, joint trusteeship agreements between the members of the Pension Plan and the government become advantageous. During the year the Public Service Pension Plan entered joint trusteeship, resulting in the control of the plan and their assets being assumed by newly constituted boards made up of government and plan member representatives. Under the agreement the government has no formal claim on pension plan surpluses and is liable for only 50% of any unfunded liabilities. This change requires that the government eliminate the actuarial balances of the former plan and record only half of future actuarial balances under the new joint plan. In April 2001, similar joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in similar changes to balances next year. (*See* Note 20 and Note 32 to the audited Summary Financial Statements).

Summary Accounts Surplus (Deficit) for the Fiscal Year Ended March 31, 2001

In Millions

	2000/01 Estimates[1]	2000/01 Actual	1999/00 Actual
Consolidated Revenue Fund	$	$	$
Revenue	21,500	24,066	21,846
Expense	(21,932)	(22,463)	(22,212)
Consolidated Revenue Fund operating result	(432)	1,603	(366)
Impact of change in pension accounting policy (*See* page 58)	(368)		
	(800)	1,603	(366)
Crown Corporations and Agencies			
Taxpayer-supported Crown corporations and agencies	(306)	(210)	596
Self-supported Crown corporations and agencies (net of dividends paid to the Consolidated Revenue Fund)	128	157	(190)
Net Crown corporations and agencies' operating result	(178)	(53)	406
Forecast allowance[2]	(300)		
Loss on pension settlement		(52)	
Summary accounts surplus (deficit)	**(1,278)**	**1,498**	**40**

[1] Estimates 2000/01.

[2] This allowance is to provide for unanticipated changes prior to the fiscal year-end.

Summary Accounts Accumulated Surplus (Deficit) for the Fiscal Year Ended March 31, 2001

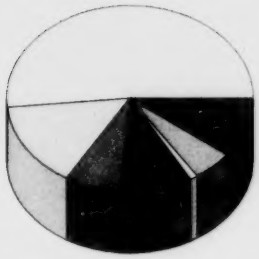
In Millions

	2000/01 Actual	1999/00 Actual
	$	$
Summary accounts accumulated surplus (deficit)—beginning of year	(4,965)	(4,992)
Adjustments[1]	(5)	(13)
Summary accounts accumulated surplus (deficit)—beginning of year—as restated	(4,970)	(5,005)
Summary accounts surplus (deficit)	1,498	40
Summary accounts accumulated surplus (deficit)—end of year	**(3,472)**	**(4,965)**

[1] *See* Note 24 Net Equity (Deficiency) of the Summary Financial Statements for additional information.

Revenues and Expenses Charts for the Fiscal Year Ended March 31, 2001

Revenue by Category

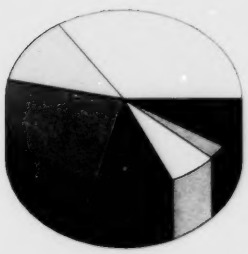


- Taxation 51.4%
- Natural Resources 15.0%
- Fees and licences 7.3%
- Self-supported Crowns 6.2%
- Miscellaneous 3.2%
- Investment Earnings 1.0%
- Recoveries 5.4%
- Federal Government 10.5%

Revenue by Main Source

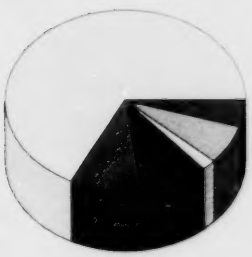
- Own Source 89.5%
- Federal Government 10.5%

Expense by Function



- Health 34.2%
- Social Services 12.4%
- Education 24.5%
- Protection 4.7%
- Transportation 5.9%
- Natural Resources 6.8%
- Other 2.7%
- General Government 1.7%
- Interest 7.1%

Expense by Group Account Classification



- Grants and Contributions 67.6%
- Salaries and Benefits 9.3%
- Operating Costs 9.3%
- Amortization 2.0%
- Interest 7.1%
- Other 4.7%

Detailed Summary Accounts Surplus (Deficit) for Fiscal Years Ended March 31

In Millions

	2000/01 Estimates	2000/01 Actual	1999/00 Actual[1]	1998/99 Actual[1]	1997/98 Actual[1]	1996/97 Actual[1]
Consolidated Revenue Fund (CRF)	$	$	$	$	$	$
Operating result	(432)	1,603	(366)	(281)	81	(115)
Impact of change in pension policy	(368)					
	(800)	1,603	(366)	(281)	81	(115)
Taxpayer-supported Crown Corporations and Agencies:[2]						
BC Transportation Financing Authority	(1)	1	22	(114)	52	25
British Columbia Buildings Corporation	62	51	45	49	39	39
British Columbia Ferry Corporation	(10)	11	(299)	(114)	(59)	(76)
Forest Renewal BC	(52)	(64)	1	(265)	(88)	105
Other	(16)	49	(44)	9	40	(21)
	(17)	48	(275)	(435)	(16)	72
Net transfers from (to) the CRF	(62)	(69)	(78)	(14)	(20)	(10)
Other accounting adjustments[3]	(227)	(189)	949	(368)	(278)	(279)
	(306)	(210)	596	(817)	(314)	(217)
Self-supported Crown Corporations and Agencies:[2]						
British Columbia Hydro and Power Authority	429	446	416	395	408	339
British Columbia Liquor Distribution Branch	620	642	617	616	606	587
British Columbia Lottery Corporation	534	562	532	456	290	273
British Columbia Railway Company	40	(7)	(582)	24	40	36
Insurance Corporation of British Columbia	3	139	96	74	14	(135)
Other	42	4	1	(23)	(24)	(8)
	1,668	1,786	1,080	1,542	1,334	1,092
Net transfers from (to) the CRF	(1,386)	(1,431)	(1,376)	(1,348)	(1,260)	(1,138)
Other accounting adjustments[4]	(154)	(198)	106	(99)	(8)	(7)
	128	157	(190)	95	66	(53)
Forecast allowance	(300)					
Loss on pension settlement		(52)				
Summary accounts surplus (deficit)	**(1,278)**	**1,498**	**40**	**(1,003)**	**(167)**	**(385)**

[1] Figures have been restated to reflect material changes in government's accounting policies.

[2] *See* pages 73 and 74.

[3] Fiscal 2000/01 includes adjustments made to transfer the revenue recognition of deferred capital contribution ($189 million) to contributed surplus in BC Transportation Financing Authority.

[4] Fiscal 2000/01 includes transfers of British Columbia Lottery Corporation revenue to charities and local governments, adjustments to the British Columbia Hydro and Power Authority rate stabilization account, and adjustments to the Insurance Corporation of British Columbia and the British Columbia Railway Company financial results to bring them in line with the government fiscal year.

Reconciliation of Summary Accounts
Net Revenue / Expense to Gross Revenue / Expense
for the Fiscal Year Ended March 31, 2001

In Millions

	2001			2000
	Revenue $	Expense $	Net Surplus (Deficit) $	Net Surplus (Deficit) $
Net Consolidated Revenue Fund	24,066	(22,463)	1,603	(366)
Consolidated Revenue Fund recoveries[1]	2,610	(2,610)		
Gross Consolidated Revenue Fund[2]	26,676	(25,073)	1,603	(366)
Taxpayer–supported Crown corporations and agencies[3]	3,107	(3,059)	48	(409)
Self–supported Crown corporations and agencies[4]	1,725		1,725	1,295
Adjustments to eliminate transfers between organizations and co–ordinate accounting policies	(3,669)	1,843	(1,826)	(480)
Gross revenue/expense for the year ended March 31, 2001	**27,839**	**(26,289)**	1,550	**40**
Loss on pension settlement			(52)	
Surplus for the year ended March 31, 2001			**1,498**	
Gross revenue/expense for the year ended March 31, 2000	**24,594**	**(24,554)**	**40**	

[1]The Consolidated Revenue Fund (CRF) recoveries represent amounts earned and applied against expenses. Recoveries include costs and amounts recovered from outside the CRF, the offset for commissions paid for revenue collection, and bad debt expense for various revenue accounts.

[2]Represents the CRF total revenue and expense after adding recoveries to show total spending.

[3]Represents the revenue and expense of taxpayer–supported Crown corporations and agencies fully consolidated into the government reporting entity.

[4]Represents the net revenue (after deducting expenses) of self–supported Crown corporations and agencies brought into the government reporting entity on a modified equity basis.

Summary Accounts Staff Utilization[1]
for the Fiscal Year Ended March 31, 2001

	2001
Consolidated Revenue Fund (CRF)[2]	33,269
Taxpayer–supported Crown corporations and agencies[3,4]	8,926
CRF employees funded by Crown corporations and agencies[5]	310
Total staff utilization	**42,505**

[1]Staff utilization is the full time equivalent of the number of persons employed in the fiscal year whose salaries are paid by taxpayer–supported entities within the Summary Accounts. Employees in taxpayer–supported Crown corporations whose salaries are included in the cost of capital projects are not counted as FTEs in order to maintain consistency between base salaries expense and FTEs.

[2]*See* the Consolidated Revenue Fund Schedules at www.fin.gov.bc.ca for details of amounts included in this total.

[3]*See* financial statements of Crown corporations and agencies at www.fin.gov.bc.ca for details of amounts included in this total.

[4]This total does not include 2,251 FTEs employed by Highway Constructors Ltd. whose salaries are included in the cost of capital projects.

[5]This is comprised of 231 employees of the Ministry of Forests and 79 employees of the Ministry of Environment, Lands and Parks who are funded by Crown corporations and agencies.

Summary Accounts Surplus (Deficit) Required Under Section 5(2) of the *Balanced Budget Act* for the Fiscal Year Ended March 31, 2001

The *Balanced Budget Act* requires that, when there has been a change in the reporting entity or accounting policies since the preparation of the main Estimates, the Public Accounts must include a calculation of the surplus or deficit for the year on a basis consistent with the main Estimates, as follows:

	In Millions 2001 $
Summary accounts surplus (deficit) as reported in the Summary Financial Statements	1,498
Impact of Changes in Reporting Entity[1]	
BC Immigrant Investment Fund Ltd	
British Columbia Enterprise Corporation	
British Columbia Investment Management Corporation	
British Columbia Systems Corporation	
Forensic Psychiatric Services Commission	1
Organized Crime Agency of British Columbia	(1)
Private Post–Secondary Education Commission	
	0
Impact of Changes in Accounting Policy[2]	
Pension expense calculation	(207)
Summary accounts surplus—restated to government reporting entity and accounting policies in the main Estimates	**1,291**

[1] These entities were not included in the preparation of the main Estimates (Estimates 2000/01), primarily resulting from a timing difference. The main Estimates are prepared in advance of the fiscal year being reported, while the reporting entity included in the Summary Accounts is based on the entities in existence at the end of the fiscal year being reported.

[2] The method of calculating pension expense was changed to conform to the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Previously, cash payments were used to estimate pension expense, adjusted by an amortization of the change in unfunded pension liability and the impact of any plan amendment in the fiscal year. The new method will include an estimate of the earned employee benefits and the net interest earnings of the pension plan in its calculated expense total rather than the cash payments. The new accounting policy resulted in a net pension recovery of $630 million, the previous accounting policy would have recorded a net recovery of $423 million. The difference is $207 million. This change had not been effected at the time the main Estimates were prepared.

Definitions

Summary Accounts—the financial position and operating result of the government reporting entity including the Consolidated Revenue Fund and Crown corporations and agencies; the amounts represented by the Summary Financial Statements of the government.

Consolidated Revenue Fund (CRF)—includes the taxpayer-supported activities of the General Fund and special funds of government through which the government delivers central government programs. It does not include the activities of government operated through Crown corporations.

Consolidation—the methods used to combine the results of Crown corporations and agencies with the Consolidated Revenue Fund. The two methods used are:

(i) full or proportional consolidation—the accounts of the Crown corporation or agency are adjusted to a basis consistent with the accounting policies of the government. Operating results and financial position of the Crown entities are combined on a "line-by-line" basis. Inter-entity accounts and transactions are eliminated upon consolidation. Proportional consolidation differs from full consolidation in that only the government's portion of operating and financial results is combined on a "line-by-line" basis.

(ii) modified equity consolidation—the original investment of the government in the Crown corporation or agency is initially recorded at cost and adjusted annually to include the net earnings/losses and other net equity changes of the entity. There is no adjustment to conform to the government's accounting policies. Since the government ensures the ongoing activities of self-supported Crown corporations and agencies, full account is taken of losses in these entities, even when cumulative losses exceed the original investment. Accounts and transactions between self-supported entities are not eliminated; however, profit elements included in such transactions, including certain increases in contributed surplus, are eliminated.

Government business partnership—a government partnership that has all the following characteristics:

(i) is a separate legal entity with the power to contract in its own name and that can sue or be sued

(ii) has been delegated the financial and operational authority to carry on a business

(iii) sells goods and/or services to individuals and organizations outside the government reporting entity as its principal activity, and

(iv) can, in the normal course of its operation, maintain its operations and meet its liabilities from revenue received from sources outside the government reporting entity.

Government partnership—a contractual arrangement between the government and a party or parties outside the government reporting entity that has all the following characteristics:

(i) the partners co-operate toward achieving significant, clearly defined common goals

(ii) the partners make a financial investment in the government partnership

(iii) the partners share control of decisions related to the financial and operating policies of the government partnership on an ongoing basis, and

(iv) the partners share, on an equitable basis, significant risks and benefits associated with the operation.

Taxpayer-supported Crown corporations and agencies—all Crown corporations or agencies outside the Consolidated Revenue Fund that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must not meet the criteria for being self-supported. This also includes the government's interest in government partnerships that are not government business partnerships.

Self-supported Crown corporations and agencies—all Crown corporations or agencies that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature and are owned or controlled by the government. In addition, they must also carry on a business that sells goods and/or services to persons outside the reporting entity as their principal activity and maintain operations and meet liabilities from revenue received outside the reporting entity in the normal course of operations. This also includes the government's interest in government business partnerships.

Provincial government direct debt—combines the government direct operating debt and the debt incurred to finance education, health facilities and public transit. This combined portfolio represents the debt for which the government has direct responsibility for the associated debt service costs.

Debt—represents the par value of the debt less sinking fund balances and unamortized discounts and premiums.

Summary Financial Statements

Public Accounts
2000/01

Report of the Auditor General of British Columbia

ON THE SUMMARY FINANCIAL STATEMENTS OF THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

To the Legislative Assembly
of the Province of British Columbia

I have audited the balance sheet and the statement of net liabilities of the Government of the Province of British Columbia as at March 31, 2001, and its statements of operations and of changes in cash and temporary investments for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

As required by the *Auditor General Act*, I advise Members of the Legislative Assembly these financial statements are presented in accordance with the stated accounting policies and on a basis consistent with that applied to the comparative amounts of the preceding year. In addition, I advise that I have been provided all of the information I required.

Reservation

In note 1 to these financial statements, the Government reports that its stated accounting policies are not fully consistent with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants. Consequently, these financial statements do not include the complete planned and actual financial results of school districts, universities, colleges and institutes, public health care organizations, and regional hospital districts.

. . . 2

Had a complete accounting been provided as at March 31, 2001, (as disclosed in note 1c), total assets would increase by $5,259 million ($4,724 million at March 31, 2000), total liabilities would increase by $2,426 million ($1,989 million at March 31, 2000), and the net deficiency would decrease by $2,833 million ($2,735 million at March 31, 2000). Similarly, for the year ended March 31, 2001, total revenues would increase by $1,874 million ($1,882 million for 2000), total expenses would increase by $1,776 million ($1,893 million for 2000), and the annual surplus would increase by $98 million (decrease by $11 million for 2000).

In these financial statements, the Government has placed lesser emphasis on its "net liabilities" by providing this key indicator of financial position in a separate statement rather than reporting it as an integral part of the Government's balance sheet, as recommended by The Canadian Institute of Chartered Accountants.

Opinion

In my opinion, except for the effects of my reservation explained in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Government of the Province of British Columbia as at March 31, 2001, the results of its operations and the changes in its cash and temporary investments for the year then ended, in accordance with generally accepted accounting principles for senior governments as recommended by The Canadian Institute of Chartered Accountants.

Wayne Strelioff

Victoria, British Columbia
June 8, 2001

Wayne Strelioff, CA
Auditor General

Statement of Responsibility for the Summary Financial Statements of the Government of the Province of British Columbia

Responsibility for the integrity and objectivity of the Summary Financial Statements of the Government of the Province of British Columbia rests with the government. These financial statements are prepared by the Comptroller General under the direction of Treasury Board, in accordance with the government's stated accounting policies. The fiscal year of the government is from April 1 to March 31 of the following year.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control. These systems give due consideration to costs, benefits and risks, and are designed to provide reasonable assurance that transactions are properly authorized by the Legislative Assembly, are executed in accordance with prescribed regulations and are properly recorded. This is done to maintain accountability of public money and safeguard the assets and properties of the Province of British Columbia under government administration. The Comptroller General of British Columbia maintains the accounts of British Columbia, a centralized record of the government's financial transactions, and obtains additional information as required from ministries, agencies and Crown corporations to meet accounting and reporting requirements.

The Auditor General of British Columbia provides an independent opinion on the financial statements prepared by the government. The duties of the Auditor General in that respect are contained in section 10 of the *Auditor General Act.*

Annually, the financial statements are tabled in the Legislature as part of the Public Accounts, and are referred to the Select Standing Committee on Public Accounts of the Legislative Assembly. The Select Standing Committee on Public Accounts reports to the Legislative Assembly on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinions.

Approved on behalf of the Government of the Province of British Columbia:

GARY COLLINS
Chair, Treasury Board

Summary Financial Statements
Balance Sheet
as at March 31, 2001

	Note	In Millions 2001	2000
Assets		$	$
Cash and temporary investments	3	554	1,569
Warehouse Program investments	4	1,312	1,320
Accounts receivable	5	2,802	2,353
Inventories	6	305	245
Due from other governments	7	229	271
Due from self-supported Crown corporations and agencies	8	422	417
Equity in self-supported Crown corporations and agencies	9	3,001	2,742
Loans, advances and mortgages receivable	10	574	382
Other investments	11	252	299
Loans for purchase of assets, recoverable from agencies	12	7,437	7,530
Other assets	13	339	340
Prepaid capital advances	14	6,905	6,517
Tangible capital assets	15	10,985	10,244
		35,117	**34,229**
Liabilities and Net Equity			
Accounts payable and accrued liabilities	16	3,119	2,924
Due to other governments	17	104	103
Due to Crown corporations, agencies and funds	18	71	82
Deferred revenue	19	580	527
Unfunded pension liabilities	20	1,477	2,053
Taxpayer-supported debt	21	24,619	24,794
Self-supported debt	22	8,619	8,711
		38,589	39,194
Net equity (deficiency)	24	(3,472)	(4,965)
		35,117	**34,229**
Net liabilities	25	21,362	21,726
Contingencies and commitments	26		

The accompanying notes and supplementary statements are an integral part of these financial statements.

Prepared in accordance with the accounting policies as determined by Treasury Board.

ARN VAN IERSEL
Comptroller General

Summary Financial Statements
Statement of Operations
for the Fiscal Year Ended March 31, 2001

In Millions

	2001 Estimates (Note 30)	2001 Actual	2000 Actual
Revenue	$	$	$
Taxation (Note 27)	13,581	14,315	13,734
Natural resources	2,696	4,181	2,821
Fees and licences	1,975	2,025	1,965
Investment earnings (Note 27)	106	294	198
Miscellaneous	407	877	566
Net earnings of self-supported Crown corporations and agencies (Note 9)	2,350	1,725	1,295
Contributions from the federal government	2,800	2,912	2,704
Recoveries	1,037	1,510	1,311
Total revenue	24,952	27,839	24,594
Expense			
Health (Note 28)	8,306	8,985	8,082
Social services	3,761	3,263	3,115
Education (Note 28)	6,158	6,436	6,050
Protection of persons and property	1,318	1,227	1,229
Transportation (Note 28)	1,505	1,546	1,684
Natural resources and economic development	1,578	1,791	1,438
Other	589	761	784
General government	244	407	403
Interest (Note 28)	2,003	1,873	1,769
Operating expense before loss on pension settlement (Note 28)	25,562	26,289	24,554
Less: forecast allowance	300		
Less: loss on pension settlement (Note 33)		52	
Surplus (deficit) for the year compared to Estimates adjusted for pension accounting change	(910)	1,498	40
Less: impact of pension accounting policy changes not anticipated in original Estimates (Note 30)	368		
Surplus (deficit) for the year compared to original Estimates total	**(1,278)**	**1,498**	**40**

The accompanying notes and supplementary statements are an integral part of these financial statements.

Summary Financial Statements
Statement of Changes in Cash and Temporary Investments
for the Fiscal Year Ended March 31, 2001

	In Millions 2001			2000
	Receipts $	Disbursements $	Net $	Net $
Operating Transactions				
Surplus for the year			1,498	40
Non-cash items included in surplus:				
Amortization of tangible capital assets			521	492
Amortization of prepaid capital advances			363	337
Amortization of public debt deferred revenues and deferred charges			30	38
Concessionary loan adjustments increases (decreases)			1	(2)
Valuation adjustments			52	392
Net earnings of self-supported Crown corporations and agencies			(1,725)	(1,295)
Unfunded pension liability (decreases)			(576)	(340)
Transfer of highways to municipalities				10
Accounts receivable (increases)			(432)	(321)
Due from other governments decreases			44	15
Due from self-supported Crown corporations and agencies (increases)			(5)	(16)
Accounts payable increases			131	266
Due to other governments (decreases)			(16)	(41)
Due to Crown corporations, agencies and funds increases (decreases)			(11)	15
Items applicable to future operations (decreases)			(13)	(68)
Contributions of self-supported Crown corporations and agencies			1,567	1,485
Cash derived from operations			1,429	1,007
Investing Transactions				
Tangible capital assets—net (acquisitions)	51	1,234	(1,183)	(1,243)
Loans, advances and mortgages receivable—net (issues)	46	220	(174)	(87)
Investment in self-supported Crown corporations and agencies (increases)		24	(24)	(50)
Other investments—net decrease (increase)	47		47	(73)
Prepaid capital advances (increases)		751	(751)	(716)
Cash (used for) investments	144	2,229	(2,085)	(2,169)
Total financing (requirements)			(656)	(1,162)

Summary Financial Statements
Statement of Changes in Cash and Temporary Investments for the Fiscal Year Ended March 31, 2001—Continued

	In Millions 2001			2000
Financing Transactions[1]	Receipts $	Disburse-ments $	Net $	Net $
Public debt increases (decreases)	17,668	18,242	(574)	2,198
Derived from (used for) Warehouse Program investments	(2,144)	(2,153)	9	(663)
Derived from loans for purchase of assets, recoverable from agencies	(5,221)	(5,426)	205	388
Cash derived from (used for) financing	10,303	10,663	(360)	1,923
Non-Cash Transactions included on the Balance Sheet[2]				
Fiscal agency loan receivable decreases			182	
Taxpayer-supported debt (increases)			(214)	
Self-supported debt decreases			32	
Assets of 552513 British Columbia Ltd.			(168)	
Liabilities of 552513 British Columbia Ltd.			194	
Equity adjustments			(25)	
			1	
Increase (decrease) in cash and temporary investments			(1,015)	761
Balance—beginning of year			1,569	808
Balance—end of year			**554**	**1,569**

[1] Financing transaction receipts are from debt issues and disbursements are for debt repayments.
[2] Includes net cash impact resulting from change in accounting for 552513 British Columbia Ltd.

The accompanying notes and supplementary statements are an integral part of these financial statements.

Summary Financial Statements
Statement of Net Liabilities
as at March 31, 2001

	Note	In Millions 2001	2000
		$	$
Net liabilities represented by:			
Net deficiency—end of year	24	3,472	4,965
Prepaid capital advances	14	6,905	6,517
Tangible capital assets	15	10,985	10,244
Net liabilities—end of year	25	**21,362**	**21,726**
Calculation of net liabilities:			
Total assets		35,117	34,229
Prepaid capital advances		(6,905)	(6,517)
Tangible capital assets		(10,985)	(10,244)
Financial assets		17,227	17,468
Liabilities		38,589	39,194
Net liabilities—end of year		**21,362**	**21,726**

The accompanying notes and supplementary statements are an integral part of these financial statements.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001

1. Significant Accounting Policies

(a) REPORTING ENTITY

These financial statements include the accounts of organizations which are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, and are owned or controlled by the government. Accountability to a minister or directly to the Legislature, for purposes of the reporting entity, does not include those entities that are part of a province–wide program yet are locally based and have an initial accountability to a local board.

The reporting entity also includes government partnerships.

A list of organizations included in these consolidated financial statements may be found on pages 61 and 62.

Trusts administered by the government or a Crown corporation or agency are excluded from the reporting entity.

(b) PRINCIPLES OF CONSOLIDATION

Taxpayer–supported Crown corporations and agencies are consolidated with the Consolidated Revenue Fund using the full consolidation method. The government's interests in government partnerships are recorded on a proportional consolidation basis.

Self–supported Crown corporations and agencies and government business partnerships are consolidated with the Consolidated Revenue Fund on the modified equity basis of consolidation.

The definitions of these consolidation methods can be found on page 15.

No adjustments are made for Crown corporations and agencies whose fiscal year–ends are different from the government's fiscal year–end of March 31, unless the effect of an adjustment would be significant to the consolidated operating result.

(c) BASIS OF ACCOUNTING

The government's Summary Financial Statements are prepared in accordance with the generally accepted accounting principles for senior governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, with the following exceptions:

(i) Reporting entity—PSAB recommends that the reporting entity comprise all organizations that are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, or local government council, and are owned or controlled by the government. The government does not include schools, universities, colleges and institutes, and health care organizations (SUCH sector) in its reporting entity; it is the government's position that these entities are directly accountable to independent bodies

(ii) Prepaid capital advances—PSAB recommends that government transfers be expensed in a government's financial statements in the period that the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria are met and a reasonable estimate of the amount can be made. Transfers to schools, universities, colleges and institutes, and health care organizations that are for the acquisition of tangible capital assets are not expensed in the year they are issued; rather, they are treated as a prepaid expense and amortized over the life of the tangible capital assets acquired with the advances

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

1. Significant Accounting Policies—Continued

(iii) Expense basis of accounting—PSAB recommends that when a government reports expenses and tangible capital assets in its financial statements, tangible capital assets should be reported as a component of net liabilities (as shown in the Statement of Net Liabilities, *see* page 29). In addition, the Statement of Operations should provide a reconciliation of the expense–based surplus or deficit to the change in net liabilities. The government reports tangible capital assets directly on its Balance Sheet; they are included in total assets in calculating the "net equity". The Statement of Operations is prepared on the expense basis, but is not returned to the expenditure basis of accounting to provide a reconciliation of the change in net liabilities. The Statement of Net Liabilities provides a reconciliation of the change in net liabilities to the annual operating result.

The following table provides the impact to the province's financial statements if the accounting policies were changed to conform to PSAB.

	In Millions					
	Assets	Liabilities	Net Equity	Revenue	Expense	Surplus
	$	$	$	$	$	$
Inclusion of SUCH sector and expensing prepaid capital advances	5,259	2,426	2,833	1,874	1,776	98
Change from expense to expenditure basis of accounting	(20,511)		(20,511)		1,239	(1,239)
Increase (decrease)	**(15,252)**	**2,426**	**(17,678)**	**1,874**	**3,015**	**(1,141)**

(d) SPECIFIC ACCOUNTING POLICIES

Revenue

All revenue is recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The exception is corporation income tax, which is recorded on a cash basis.

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met.

Tax credits/offsets are accrued on the same basis as the associated tax revenues and reduce gross taxation revenue but are not considered valuation allowances.

Expenses

The cost of all goods and services received during the year is recorded as expenses.

Interest expense is recorded net of sinking fund earnings.

Pension expense is calculated as the cost of pension benefits earned by employees during the year, interest on the pension benefits liability net of pension plan assets and amortization of the government's share of any experience gains or losses, less contributions made by employees and other employers. The estimated total cost of the government's share of the plan amendments related to past service is expensed in the year the plan is amended.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

1. Significant Accounting Policies—Continued

Major types of government transfers include grants and contributions. Government transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met. This excludes transfers that meet the criteria for a prepaid capital advance. Present value discounts for concessionary loans are expensed as the loan is issued.

Acquisitions of tangible capital assets and prepaid capital advances are recorded as assets and the cost is amortized over the useful life of the relevant tangible capital asset. Tangible capital assets not related to a capitalized class of assets are expensed in the year of acquisition.

Assets

Assets are recorded to the extent that they represent cash and claims upon outside parties, items held for resale to outside parties, a prepaid expense, deferred charge, prepaid capital advances or tangible capital assets acquired as a result of events and transactions prior to the year–end.

Financial Assets

Temporary and Warehouse Program investments include short–term investments recorded at the lower of cost or market value.

Inventories include property which has been purchased, or for which development costs have been incurred, that is held for ultimate resale or lease to outside parties. Inventories are recorded at the lower of cost or net realizable value.

Equity in self–supported Crown corporations and agencies represents the government's investment (including long–term advances) in those self–supported Crown corporations and agencies at cost, adjusted for increases and decreases in the investees' net assets.

Loans and advances are recorded at cost less adjustment for any prolonged impairment in value. Mortgages receivable are recorded at the principal amount less valuation allowance, are secured by real estate and are repayable over periods ranging up to thirty years. Concessionary loans and mortgages are recorded at net present value at issue. Valuation allowances are made when collectibility is considered doubtful.

Other investments are recorded at cost of acquisition (which may be adjusted by attributed income), or estimated current value. Valuation adjustments are made when the value of investments is impaired.

Loans recoverable from agencies are recorded at maturity value less unamortized premium/discount and sinking fund balances. Premium/discount is amortized on a constant yield basis.

Prepaid Capital Advances

Prepaid capital advances are provided to school districts, post–secondary educational institutions, health organizations and other specified government organizations to fund capital asset acquisitions. The province has an on–going claim on the assets of these organizations. Prepaid capital advances are amortized over the useful life of the assets funded.

Tangible Capital Assets

All significant tangible capital assets of government organizations and operations have been capitalized with the exception of certain land that is not associated with a capitalized class of asset. Non–capitalized tangible capital assets are recorded at the nominal value of $1.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

1. Significant Accounting Policies—Continued

Gains arising from the initial valuation and capitalization of the existing tangible capital assets are accounted for as a component of accumulated equity.

Tangible capital assets are recorded at historical cost. Estimated cost is used to record existing tangible capital assets when actual cost is unknown. The recorded cost, less the residual value, is generally amortized over the estimated useful lives of the assets on a straight–line basis except for some transportation equipment which is amortized using the sinking fund method.

Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year–end, including probable losses on loan guarantees issued by the government, contingent liabilities when it is likely a liability exists and the amount of the liability can be reasonably determined on an individual or portfolio basis, and unfunded pension liabilities.

Unfunded Pension Liabilities

Unfunded pension liabilities represent the unfunded portion of pensions to be provided to public sector employees. The percentage of the unfunded portion of certain statutory pension plans, which are funded by the province, is included. The amount is calculated using the accrued benefit actuarial cost method.

Changes in the unfunded liability for pension plans which arise as a result of estimation adjustments due to experience gains or losses and changes in actuarial assumptions are amortized over the expected average remaining service life of the related employee group. Gains or losses arising as a result of plan amendments are recognized in full in the year of amendment.

Public Debt

Public debt represents the direct debt obligations of the Province of British Columbia, including borrowings incurred for government operating purposes, the acquisition of capital assets, for re–lending to authorized government bodies and for borrowings in advance of future requirements under the Warehouse Program. Public debt consists of short–term promissory notes, notes, bonds and debentures, bank loans, capital leases and mortgages payable. These obligations are recorded at principal less unamortized premium or discount and sinking fund balances where applicable. Public debt is reported under two categories: (1) taxpayer–supported, and (2) self–supported.

(1) Taxpayer–supported debt includes direct debt used for government operating and capital purposes, and the debt of Crown corporations and agencies that requires an operating or debt servicing subsidy from the provincial government or which are fully consolidated within these financial statements.

(2) Self–supported debt includes the debt of commercial Crown corporations and agencies that fully fund their operations and debt from revenue generated through the sale of goods and/or services at commercial rates to buyers that are outside the government reporting entity. Self–supported debt includes debt of the Warehouse Program.

Debt premium/discount is amortized on a constant yield basis. Unamortized premium/discount on bonds called and refinanced is amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

1. Significant Accounting Policies—Continued

When it has been determined that there are sufficient securities to satisfy scheduled interest and principal payments for a debt instrument, the sinking fund assets are set aside in a defeased trust account. The debt and the related securities used to extinguish the debt are removed from the province's Balance Sheet. The debt is considered extinguished for financial reporting purposes.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year–end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts that specify the rate of exchange. Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long–term, fixed–term monetary assets and liabilities are reported as deferred charges and amortized over the remaining terms of the related items on a straight–line basis. Non–monetary assets and liabilities are translated at historical rates of exchange.

Derivative Financial Instruments

The province is a party to financial instruments with off–balance sheet risk due to fluctuations in foreign currency exchange rates, interest rate fluctuations and counterparty default on financial obligations. The province does not use derivative financial instruments for speculative purposes. Off–balance sheet position data is given in the form of nominal principal amounts outstanding. Amounts paid and received under swaps are recognized and offset against the related interest expense. Gains and losses on terminated derivative contracts are deferred and amortized over the lesser of the remaining term of the contract or the related debt.

(e) CHANGE IN ACCOUNTING TREATMENT

Employee Post–Employment Benefits

Employees are entitled to retirement allowances as provided for under the collective agreement and terms of employment. In 2000/01, the government changed its accounting treatment to accrue this type of post-employment benefit. The estimated costs for this benefit is recorded as the employees render the services necessary to earn them. This change, made retroactively, has the effect of increasing liabilities at April 1, 2000, by $45 million and decreasing 1999/00 surplus by $5 million.

Full Consolidation of 552513 British Columbia Ltd.

There has been a change in accounting treatment for 552513 British Columbia Ltd. (majority shareholder of Skeena Cellulose Inc.). The company continues to be dependent upon government subsidies and does not anticipate being able to meet the criteria for a self–supported organization for the next year. Accordingly, in fiscal year 2000/01, the government classified 552513 British Columbia Ltd. as a taxpayer–supported entity and it is now recorded in these statements on a full consolidation rather than the modified equity basis. Through ownership of 552513 British Columbia Ltd., the government owns 71% of the shares of Skeena Cellulose Inc. The government's interest in Skeena Cellulose Inc. is consolidated proportionally in these statements. There has been no default on amounts owed to the province for loans it has issued that will be repaid through the minority interest share of Skeena Cellulose Inc.; therefore, these have been left as loans receivable. Since this change is not considered a change in accounting policy, comparative figures were not restated. This change resulted in an increase for 2000/01 in: assets $221 million; liabilities $239 million; net deficiency $18 million; total revenue $290 million; total expenses $288 million; and equity in government enterprises $59 million.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

2. Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount.

Measurement uncertainty in these financial statements exists in the accruals for pension obligations, Canada Health and Social Transfer (CHST) and personal income tax.

The nature of the uncertainty in the accruals for pension obligations arises because actual results may differ significantly from the province's best estimates of expected results based on variables such as earnings on pension investments and life expectancy of claimants. Uncertainty related to the accrual for CHST and personal income tax arises because of the possible differences between the estimated and actual economic growth and related impact on taxes receivable.

British Columbia Hydro and Power Authority (BC Hydro), a wholly owned self–supported Crown corporation, is directly exposed to counterparty credit risk as a result of the purchase and sale of electricity and natural gas. The rapid rise of wholesale power prices and in–state supply shortages have caused significant financial hardship for a number of utilities in California. A number have accumulated large losses and defaulted on payments. As a result, BC Hydro has not recognized as revenue some amounts owed to it from sales to these utilities and has recorded provisions for uncollectible amounts, which, in management's best estimate, are sufficient to cover any remaining exposure. Due to the instability in the California market and ongoing regulatory and legal proceedings, management cannot predict the outcome and the amount ultimately collected may differ materially from management's current estimate.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

3. Cash and Temporary Investments

	In Millions 2001	2000
	$	$
Cash (cheques issued in excess of funds on deposit)	(191)	279
Temporary investments[1]	745	1,290
	554	**1,569**

[1]Temporary investments consist mainly of units in the British Columbia Investment Management Corporation Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value.

4. Warehouse Program Investments

	In Millions 2001	2000
	$	$
Temporary investments[1]	1,312	1,330
Deferred charges		5
	1,312	1,335
Accrued interest payable		(15)
	1,312	**1,320**

[1]Temporary investments consist mainly of units in the British Columbia Investment Management Corporation Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value.

5. Accounts Receivable

	In Millions 2001	2000
	$	$
Taxes receivable	1,689	1,681
Trade accounts receivable	1,295	829
Accrued interest	262	270
	3,246	2,780
Provision for doubtful accounts	(444)	(427)
	2,802	**2,353**

6. Inventories

	In Millions 2001	2000
	$	$
Properties for resale	102	96
Small Business Forest Enterprise Program	130	135
Other	73	14
	305	**245**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

7. Due from Other Governments

	In Millions 2001	2000
	$	$
Government of Canada:		
Current	211	252
Long–term	1	1
Provincial governments:		
Current	2	12
Local governments:[1]		
Current	15	6
	229	**271**

[1] Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

8. Due from Self–supported Crown Corporations and Agencies

	In Millions 2001	2000
	$	$
British Columbia Hydro and Power Authority	372	343
British Columbia Liquor Distribution Branch	1	
British Columbia Lottery Corporation	46	74
Columbia Power Corporation	3	
	422	**417**

See page 66 for details.

9. Equity in Self–supported Crown Corporations and Agencies

	In Millions 2001			2000
	Investments $	Unremitted Earnings $	Total $	Total $
552513 British Columbia Ltd.[1,2]				(57)
British Columbia Hydro and Power Authority		1,691	1,691	1,514
British Columbia Railway Company	258	268	526	532
Columbia Power Corporation	276	13	289	264
Insurance Corporation of British Columbia		481	481	475
Provincial Capital Commission		14	14	14
	534	**2,467**	**3,001**	**2,742**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

9. Equity in Self-supported Crown Corporations and Agencies—Continued

Change in Equity in Self-supported Crown Corporations and Agencies	In Millions 2001 Investments $	Unremitted Earnings $	Total $	2000 Total $
Balance—beginning of year	510	2,232	2,742	2,885
Increase in investment	24		24	50
Net earnings of self-supported Crown corporations and agencies		1,725	1,725	1,295
Contributions paid to the Consolidated Revenue Fund		(1,431)	(1,431)	(1,376)
Adjustments to contributions paid		(136)	(136)	(109)
Adjustments to unremitted earnings		20	20	(3)
Transfer to consolidated entity[2]		57	57	
Balance—end of year	**534**	**2,467**	**3,001**	**2,742**

[1]This company owns shares in Skeena Cellulose Inc.
[2]552513 British Columbia Ltd. no longer meets the criteria of a self-supported Crown corporation and is no longer consolidated using the modified equity basis. It is fully consolidated in the 2000/01 Summary Financial Statements.

See pages 66 and 67 for details.

10. Loans, Advances and Mortgages Receivable

	In Millions 2001 $	2000 $
Loans and advances		
BC Student loans	128	65
Industrial Development Fund commercial loans	140	130
Land Tax Deferment loans	133	123
Construction loans to social housing projects	80	47
Capital expansion loans	35	
Accountable advances	21	15
Other (under $20 million)	108	91
	645	471
Provision for doubtful accounts	(123)	(115)
	522	356
Mortgages Receivable		
Other (under $20 million)	60	37
	60	37
Provision for doubtful accounts	(8)	(11)
	52	26
	574	**382**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

10. Loans, Advances and Mortgages Receivable—Continued

The BC Student Loan program provides loans to students for higher education. Students are required to repay these loans, through a contracted service provider, to the province over a maximum of 174 months with a floating interest rate of prime plus 2.5%. Defaulted loans are due on demand with interest at a floating rate of prime plus 2.5%. The program also administers defaulted student loans issued by financial institutions under a risk sharing agreement with the province. Defaulted risk sharing loans arise due to bankruptcy or death of the student while attending school.

The Industrial Development Fund provides loans to assist the establishment of new industry, the introduction of new technology to existing industry, or the development of a region of British Columbia. These loans incur interest at rates ranging from 0% to 10.05%, and must not exceed $600 million in total.

The Land Tax Deferment program allows eligible individuals to defer payment of all, or a portion of, annual property taxes due on residences. Eligible individuals are either 60 years or older, a surviving spouse or a disabled person. Simple interest is charged on the deferred taxes at a rate set semi-annually by the Ministry of Finance and Corporate Relations. This rate is generally 2.0% below the prime rate. The deferred taxes plus any outstanding interest must be repaid when the residence is transferred to a new owner.

Construction loans are provided by BC Housing Management Commission (BCHMC), a taxpayer-supported Crown corporation, and an approved lender under the *National Housing Act*. BCHMC provides construction loans for societies that are building approved projects under social housing programs. Interest is payable at the province's weighted average borrowing rate for short-term funds, plus administration costs. Loans are repaid at substantial completion of each project from financing arranged with private lenders.

Capital expansion loans are made to taxpayer-supported Crown corporations and agencies for plant expansion.

Accountable advances have been issued by taxpayer-supported Crown corporations and agencies. These advances represent funds issued for program costs, which have not yet been expended in accordance with the applicable agreements.

Other includes loans and advances which are each under $20 million.

Mortgages receivable have terms ranging from 2.5 to 20.0 years, with interest rates ranging from 4.00% to 9.58%. They include zero interest or deferred payment loans issued under the Reconstruction Program to assist owners of water-damaged homes.

11. Other Investments

	In Millions	
	2001	2000
	$	$
Government of Canada bonds	17	25
Provincial government bonds	40	35
Commercial loans and investments	111	121
Pooled Investment Portfolios	93	80
Investment in Western Star Trucks Holdings Ltd		60
Banker's acceptances, investments and deposits of Columbia Basin Trust	56	46
Pooled and managed investment funds of Forest Renewal BC	32	24
Other (under $20 million)	29	34
	378	425
Provision for doubtful accounts	(126)	(126)
	252	**299**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

11. Other Investments—Continued

Government of Canada bonds have a market value of $17.9 million (par value $16.0 million), with yields ranging from 4.599% to 4.789%. Maturity dates range from April 1, 2002 to February 1, 2003.

Provincial bonds of various provinces have a market value of $42.7 million (par value $38.1 million), with yields ranging from 4.671% to 5.971%. Maturity dates range from August 29, 2001 to July 22, 2013.

Commercial loans and investments are recorded at lower of cost of acquisition adjusted by attributed income and market value.

Pooled investment portfolios consist of units in the British Columbia Investment Management Corporation's BC Focus Fund and Illiquid Fund. These Funds investments consist primarily of debt and equity holdings of privately held companies.

Bankers acceptances and deposits held by Columbia Basin Trust have maturities of one to five years, with 80% of the holdings maturing within one year. Deposit holdings are not marketable, but Columbia Basin Trust may, on ninety days written notice, redeem up to 10% of deposits initially made for a period of one year or longer, without cost or penalty, provided that such redemption occurs only once during a particular deposit's term.

Investments held by Forest Renewal BC include a $10 million pooled investment fund deposit, a $20 million managed investment fund deposit, and a $2 million specialty fund deposit. The pooled investment fund deposit is to provide loan assistance for infrastructure projects, and is held by the Municipal Finance Authority. Interest is paid quarterly at a rate of 5.51%. The deposit is repayable March 31, 2008. The managed investment fund deposits are repayable March 15, 2029 to March 31, 2031. Income earned on these deposits up to specified maximums can be used by certain universities for endowment program expenditures. The specialty fund deposit is held with Provincial Treasury. Income earned in the fund will be used by the BC Wood Specialties Group, starting in 2004. The fund was established March 29, 2001, and continues until March 31, 2024.

12. Loans for Purchase of Assets, Recoverable from Agencies

	In Millions	
	2001	2000
	$	$
552513 British Columbia Ltd.[1]		31
British Columbia Hydro and Power Authority	6,703	6,753
British Columbia Railway Company	584	606
Columbia Power Corporation	20	
Improvement districts	6	4
Oak Bay Lodge		1
Pacific Racing Association	5	5
Post–secondary educational institutions	124	130
	7,442	7,530
Provision for doubtful accounts	(5)	
	7,437	**7,530**

[1]This company owns shares in Skeena Cellulose Inc.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

13. Other Assets

	In Millions 2001	2000
	$	$
Prepaid program costs[1]	118	81
Deferred debt instrument costs	146	196
Deferred treaty costs	28	32
Other deferred costs	47	31
	339	**340**

[1] Includes inventories of operating material held in the Purchasing Commission and Queen's Printer warehouses pending distribution in a subsequent fiscal year.

14. Prepaid Capital Advances

	In Millions 2001	2000
	$	$
Health facilities	2,666	2,301
Post-secondary educational institutions	2,218	2,178
Schools	5,926	5,579
	10,810	10,058
Accumulated amortization	(3,905)	(3,541)
	6,905	**6,517**

15. Tangible Capital Assets

	In Millions 2001	2000
	Net Book Value $	Net Book Value $
Land	653	600
Buildings	1,132	1,123
Highway infrastructure	6,143	5,872
Ferries and related infrastructure	588	620
Transportation equipment	1,932	1,613
Computer hardware and software	279	267
Other	258	149
	10,985	**10,244**

See Statement of Tangible Capital Assets on page 68.

The estimated useful lives of the more common tangible capital assets are: buildings (10–50 years); highway infrastructure (15–40 years); ferries and related infrastructure (5–40 years); transportation equipment (5–40 years); computer hardware and software (3–5 years); and other (including vehicles, specialized equipment, and furniture and equipment) (5–20 years). Tenant improvements (included in buildings) are amortized over 5 years or the length of the relevant lease term.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

16. Accounts Payable and Accrued Liabilities

	In Millions	
	2001	2000
	$	$
Trade accounts payable and other liabilities	1,532	1,348
Accrued interest on debt	824	820
Accrued employee leave entitlements	238	222
Other accrued estimated liabilities[1]	525	534
	3,119	**2,924**

[1]Includes pending litigation, provision for guaranteed debt payout and other miscellaneous accrued claims.

17. Due to Other Governments

	In Millions	
	2001	2000
	$	$
Government of Canada:		
Current	57	46
Provincial governments:		
Current	12	8
Local governments:[1]		
Current	9	29
Long-term	26	20
	104	**103**

[1]Local governments are municipal units established by the provincial government which include regional and metropolitan municipalities, cities, towns, townships, districts, rural municipalities and villages.

18. Due to Crown Corporations, Agencies and Funds

	In Millions	
	2001	2000
	$	$
British Columbia Liquor Distribution Branch		7
Health care organizations		13
Post-secondary educational institutions	2	2
Trust funds	69	60
	71	**82**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

19. Deferred Revenue

	In Millions	
	2001	2000
	$	$
Medical Services Plan premiums	54	58
Motor vehicle licences and permits	160	157
Petroleum, natural gas and minerals, leases and fees	29	27
Water rentals and recording fees	82	83
Derivative debt instruments	1	12
Unearned lease revenue	95	92
Federal and municipal highway project revenues	33	13
Miscellaneous	126	85
	580	**527**

20. Unfunded Pension Liabilities

	In Millions	
	2001	2000
	$	$
Public Service Pension Plan		124
Members of the Legislative Assembly Superannuation Plan	13	7
Municipal Superannuation Plan	149	357
Teachers' Pension Plan	1,315	1,565
	1,477	**2,053**

The province contributes to defined benefit pension plans for substantially all its employees and for Members of the Legislature. The plans provide pensions based on length of service and final average earnings. They do not provide for inflation protection other than that set aside in special inflation accounts. The government's contributions to pensioners post-retirement group benefits are also made to these accounts and are expensed in the year they occur.

The Public Service Pension Plan and the College Pension Plan are joint trusteeship plans in which control of the pension plans and their assets are assumed by a pension board made up of government and plan member representatives. Under these agreements, the government has no formal claim on pension plan surpluses and is liable for only 50% of any resulting unfunded liabilities. Subsequent to the fiscal year end, on April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan. The future accounting of these plans is described in Note 33 of these financial statements.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

20. Unfunded Pension Liabilities—Continued

The unfunded pension liability for each plan consists of the accrued benefit obligation less the pension fund assets and any unamortized estimation adjustments and provisions, as follows:

In Millions

	Public Service Pension Plan	Members of Legislative Assembly Superannuation Plan	Municipal Superannuation Plan	Teachers' Pension Plan	College Pension Plan	Total
	$	$	$	$	$	$
Accrued benefit obligation	7,376		9,919	8,576	700	26,571
Pension fund assets	8,495		10,254	8,217	897	27,863
	(1,119)		(335)	359	(197)	(1,292)
Unamortized estimation adjustments		13	547	956		1,516
Accrued liability (asset)	(1,119)	13	212	1,315	(197)	224
Provincial share	(559)	13	149	1,315	(98)	820
Valuation allowance	559				98	657
Balance Sheet total	**0**	**13**	**149**	**1,315**	**0**	**1,477**

The accrued benefit obligations and pension assets shown for 2000/01 are based on extrapolations of the most recent actuarial reports as follows: Public Service Pension Plan: March 31, 1999; Municipal Superannuation Plan: December 31, 1997; Teachers' Pension Plan: December 31, 1999; and College Pension Plan: August 31, 1997. Actuarial valuations are performed every three years for all plans except the Members of the Legislative Assembly Superannuation Plan. Reported balances are derived from the estimated benefit obligations less the estimated assets of the funds. The estimation adjustments resulting from fund performance changes experienced in the periodic actuarial reports are amortized on a straight–line basis over the expected average remaining service life of the related employee groups (10.5 to 10.7 years for the Municipal Superannuation Plan; 12.5 to 12.66 years for the Teachers' Pension Plan). Because the Public Service Pension Plan's and the College Pension Plan's assets are based on initial actuarial valuations at the time they became joint trusteeship plans, there are no unamortized estimation adjustments as at March 31, 2001, for either plan. The reported balance sheet totals for the Public Service Pension Plan and the College Pension Plan are effected by the joint trusteeship agreements. Under these agreements, the province's share of the accrued liability or asset is 50%. However, since the government has no formal claim on accrued asset amounts until such time as they are applied to employer purposes by the trustees, a valuation allowance has been provided to write down the value of the asset to its net realizable value at the balance sheet date. The reported balance sheet total for the Municipal Superannuation Plan is based on the province's share (70%) of the accrued liability balance.

Actuarial valuations for accounting purposes are performed triennially on all plans except the Members of the Legislative Assembly Superannuation Plan, using the projected benefit method pro–rated on services. The assumptions used in the valuations were based on the government's estimates of expected long–term rates and short–term forecasts. Each plan's future experience will inevitably vary from the assumptions. Differences between the actuarial assumptions and future experience will emerge as gains or losses, estimation adjustments, in future valuations.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

20. Unfunded Pension Liabilities—Continued

Key actuarial assumptions used in the valuations include a long-term annual rate of return on pension fund assets of 7.30% for the Public Service Pension Plan, 7.25% for the Municipal Pension Plan, 7.50% for the Teachers Pension Plan, and 7.10% for the College Pension Plan, and long-term annual salary increases of 4.80% for the Public Service Pension Plan, 4.75% for the Municipal Pension Plan, 5.00% for the Teachers Pension Plan, and 4.60% for the College Pension Plan.

A separate pension fund is maintained for each pension plan except for the Members of the Legislative Assembly Superannuation Plan. Pension plan fund assets consist primarily of direct ownership in units of pooled investment portfolios, managed by the British Columbia Investment Management Corporation under the general management of the British Columbia Pension Corporation.

The total pension-related expense consists of the following components:

	In Millions	
	2001	2000
	$	$
Current period benefit cost	551	508
Prior period cost of plan amendment		142
Amortization of estimation adjustments	(270)	(217)
Employee/employer contributions	(790)	(720)
Expected interest on accrued benefit asset	(90)	(85)
Expected interest on accrued benefit liability	41	95
Valuation allowance—accrued benefit asset	657	
	99	**(277)**

The following tables provide a detailed breakdown of the total pension-related expenses by pension plan:

	In Millions	
	2001	2000
Public Service Pension Plan	$	$
Current period benefit cost	149	171
Prior period cost of plan amendment		142
Amortization of estimation adjustments	(104)	(138)
Employee/employer contributions	(95)	(117)
Expected interest on accrued benefit asset	(66)	(74)
Valuation allowance—accrued benefit asset	559	
	443	**(16)**

	In Millions	
	2001	2000
Members of the Legislative Assembly Superannuation Plan	$	$
Current period benefit cost	**6**	**0**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

20. Unfunded Pension Liabilities—Continued

Municipal Superannuation Plan

	In Millions 2001	2000
	$	$
Current period benefit cost	167	167
Amortization of estimation adjustments	(51)	(51)
Employee/employer contributions	(314)	(314)
Expected interest on accrued benefit asset	(11)	
	(209)	**(198)**

Teachers, Pension Plan

	In Millions 2001	2000
	$	$
Current period benefit cost	207	148
Amortization of estimation adjustments	(115)	(28)
Employee/employer contributions	(381)	(289)
Expected interest on accrued benefit liability	41	95
	(248)	**(74)**

College Pension Plan

	In Millions 2001	2000
	$	$
Current period benefit cost	22	22
Expected interest on accrued benefit asset	(13)	(11)
Valuation allowance—accrued benefit asset	98	
	107	**11**

The audited financial statements of each pension plan listed, along with full descriptions, benefit formulas, inflation assumptions and funding policies, are published on the British Columbia Pension Corporation web site.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

21. Taxpayer–Supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	Japanese Yen[2]	Other Currencies[2]	2001 Canadian Dollar Total	2000 Canadian Dollar Total
Short–term promissory notes	2001						1,158
	2002	786	41			827	
Notes, bonds and debentures[3]	2001						2,026
	2002	1,894			197	2,091	2,006
	2003	1,049	1,200			2,249	2,185
	2004	1,391			410	1,801	1,755
	2005	1,110	100		585	1,795	1,607
	2006	1,785				1,785	1,986
	2006–2011	4,910	1,202	262	1,203	7,577	6,604
	2011–2016	3,803	155			3,958	4,008
	2016–2021	528				528	379
	2021–2026	2,260				2,260	2,260
	2026–2031	2,810				2,810	2,410
	2031–2036	486				486	
	2036–2041	365				365	365
Total debt issued at face value		**23,177**	**2,698**	**262**	**2,395**	28,532	28,749
Sinking funds[4]						(3,761)	(3,840)
Unamortized discount						(134)	(113)
Amount held in the Consolidated Revenue Fund						(18)	(2)
Total taxpayer–supported debt						**24,619**	**24,794**

The effective interest rates (weighted average percent) as at March 31 on the above debt are:

2001	7.08
2000	7.30

[1] The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 23 (Risk Management and Derivative Financial Instruments).

[2] Foreign currencies include: $1,804 million US ($2,698 million Canadian); 22,000 million Japanese yen ($262 million Canadian); 191 million Pound Sterling ($409 million Canadian); 800 million Swiss Francs ($782 million Canadian); 703 million Deutsche Mark ($576 million Canadian); and 2,500 million French Francs ($628 million Canadian).

[3] Notes, bonds and debentures include bank loans, capital leases and mortgages payable.

[4] Sinking fund balances include assets totalling $109 million (2000: $83 million) invested in the Matched Book Program and assets totalling $3,652 million (2000: $3,757 million) set aside for orderly repayment of debt. Sinking funds at March 31, 2001, totalling $140 million US (2000: $131 million US) act as a natural hedge of the US dollar debentures.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

21. Taxpayer–Supported Debt[1]—Continued

Notes, bonds and debentures

Redeemable by the bond holder

Balances include debentures issued to the Canada Pension Plan totalling $3,409 million (2000: $3,339 million) at a weighted average interest rate of 10.93% (2000: 11.17%). These debentures mature at various dates from April 10, 2001 to October 10, 2020, with interest rates varying between 5.61% and 17.51%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, $149 million in Canada Pension Plan debentures were issued. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two–thirds of the provinces.

Balances include 5.40% debentures, due December 4, 2026, totalling $40 million (2000: $40 million). The holders have a put option which, if exercised, would result in the bond maturing on December 4, 2002. If the option is not exercised, the bond will be redeemed for $50 million (2000: $50 million) on December 4, 2026, and the coupon rate on the bond will be 7.00% for the period December 5, 2002 to December 4, 2026.

Balances include 5.45% debentures, due August 17, 2028, totalling $200 million (2000: $200 million). The holders have a put option which, if exercised, would result in the bond maturing on August 17, 2005. If the option is not exercised, the debenture will mature on August 17, 2028, and the effective rate on the bond will be 5.62% for the period August 17, 2005 to August 17, 2028.

Balances include 5.86% debentures due June 18, 2029, totalling $250 million (2000: $250 million). The holders have a put option which, if exercised, would result in the bond maturing on June 19, 2006. If the option is not exercised, the debenture will mature on June 18, 2029.

Balances include British Columbia Savings Bonds totalling $702 million (2000: $930 million) maturing at dates from October 15, 2001 to October 15, 2007, and with an effective rate of 5.60% are redeemable at par by the holder each April 15 and October 15 prior to maturity.

Redeemable by the province

Issues totalling $210 million (2000: $210 million) with effective rates ranging from 4.56% to 5.21% are redeemable at par at the province's option on dates ranging from June 14, 2001 to December 14, 2010.

Defeasances

At March 31, 2001, sufficient securities had been set aside in an irrevocable trust to satisfy the scheduled interest and principal payment requirements of $1,114 million (2000: $1,313 million). The related debt is considered extinguished for financial reporting purposes.

Aggregate payments for the next five years to meet sinking fund and retirement provisions are:

	In Millions Canadian Dollar
2002	1,588
2003	1,767
2004	1,288
2005	1,502
2006	1,580

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

22. Self–Supported Debt[1]

In Millions

	Year of Maturity	Canadian Dollar	US Dollar[2]	Japanese Yen[2]	Other Currencies[2]	2001 Canadian Dollar Total	2000 Canadian Dollar Total
Short–term promissory notes	2001						1,770
	2002	35	1,307			1,342	
Notes, bonds and debentures[3]	2001						125
	2002	404				404	404
	2003		442			442	407
	2004	300	315			615	591
	2005	388	263	135		786	886
	2006	356				356	306
	2006–2011	1,663	200		150	2,013	1,685
	2011–2016	500				500	400
	2016–2021	600				600	600
	2021–2026	696	789			1,485	1,423
	2026–2031	250				250	650
	2031–2036	414				414	
	2036–2041	50	473			523	486
Total debt issued at face value		**5,656**	**3,789**	**135**	**150**	9,730	9,733
Sinking funds[4]						(1,089)	(923)
Unamortized discount						(22)	(99)
Total self–supported debt						**8,619**	**8,711**

The effective interest rates (weighted average percent) as at March 31 on the above debt are:

2001	7.04
2000	6.92

[1] The balances and interest rates reflect the impact of the related derivative contracts, presented in Note 23 (Risk Management and Derivative Financial Instruments).

[2] Foreign currencies include: $2,434 million US ($3,789 million Canadian); 10,000 million Japanese yen ($135 million Canadian); 637 million French Francs ($150 million Canadian).

[3] Notes, bonds and debentures include bank loans, capital leases and mortgages payable.

[4] Sinking funds at March 31, 2001, totalling $436 million US (2000: $401 million US) act as a natural hedge of the US dollar debentures and short–term promissory notes.

Notes, bonds and debentures

Redeemable by the bond holder

Balances include debentures issued to the Canada Pension Plan totalling $341 million (2000: $341 million) at a weighted average interest rate of 11.10% (2000: 11.10%). These debentures mature at various dates from July 10, 2004 to June 9, 2009, with interest rates varying between 9.62% and 14.06%. These debentures are redeemable in whole or in part before maturity, on six months' prior notice, at the option of the Minister of Finance of Canada, subject to certain restrictions. During the year, no Canada Pension Plan debentures were issued for self–supported debt. Under Canada Pension Plan legislation, any significant amendment to benefits or contributions requires the approval of the legislature of two–thirds of the provinces.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

22. Self-Supported Debt[1]—Continued

Balances include a $200 million US (2000: $200 million US) note with an effective rate of 5.68% maturing January 15, 2004. This note was translated at the exchange rate prevailing at year-end. The bond holder or the issuer may redeem the note on any interest payment date on thirty days' notice.

Aggregate payments for the next five fiscal years to meet sinking fund and retirement provisions are:

	In Millions Canadian Dollar
2002	413
2003	448
2004	573
2005	748
2006	345

23. Risk Management and Derivative Financial Instruments

The province borrows funds in both domestic and foreign capital markets, and manages its existing debt portfolio to achieve the lowest debt costs within specified risk parameters. As a result, the province is exposed to risks associated with interest rate fluctuations and foreign exchange rate fluctuations. In accordance with risk management policy guidelines set by the Risk Committee of the Ministry of Finance and Corporate Relations, the province uses a variety of derivative financial instruments to hedge exposure to these risks.

Derivatives used by the province include interest rate swaps, cross-currency swaps, forward foreign exchange contracts, forward rate agreements, and options. A derivative instrument is a financial contract with a financial institution or counterparty which is applied to effect a hedge on interest rate or foreign exchange exposure contained in the underlying provincial debt instrument. A derivative derives value from the impact of market changes on the underlying hedged debt instrument. All derivative instruments entered into by the province are recorded off-balance sheet, which is consistent with the Canadian Institute of Chartered Accountants' accounting guidelines for non-speculative hedge instruments.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

23. Risk Management and Derivative Financial Instruments—Continued

The following tables present maturity schedules of the province's derivatives, by type, outstanding at March 31, 2001, based on the notional amounts of the contracts:

Taxpayer–supported Debt

	In Millions			
Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2002	197	100	41	338
2003	234	515		749
2004	410	6		416
2005	685	95		780
2006		270		270
6–10 years	3,089	2,328		5,417
Over 10 years	218	1,114		1,332
Total	**4,833**	**4,428**	**41**	**9,302**

Self–supported Debt

	In Millions			
Year of Maturity	Cross Currency Swaps	Interest Rate Swaps	Forward Foreign Exchange Contracts	Total
2002		300		300
2003		563		563
2004				
2005	467			467
2006		284		284
6–10 years	350	150		500
Over 10 years				
Total	**817**	**1,297**	**0**	**2,114**

Interest rate risk

Interest rate risk is the risk that the province's debt servicing costs will fluctuate due to changes in interest rates. The province uses derivative contracts to manage interest rate risk by exchanging a series of interest payments, and assuming either a fixed or floating rate liability to a counterparty, based on the notional principal amount. Derivatives allow the province to alter the proportion of its debt held in fixed and floating rate form to take advantage of changes in interest rates.

The government's current policy guidelines, with respect to the provincial government direct debt portfolio, allow floating rate debt exposure up to 45.00% of debt. At March 31, 2001, floating rate debt exposure was 36.60% (2000: 35.56%) of debt.

Under current policy guidelines for British Columbia Hydro and Power Authority (BC Hydro), the maximum floating rate debt exposure is 35.00% of debt. At March 31, 2001, floating rate debt exposure for BC Hydro was 19.00% (2000: 29.50%) of debt.

A 1.00% increase in interest rates would result in an increase in the debt servicing expense of $71 million for taxpayer–supported debt and $21 million for self–supported debt.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

23. Risk Management and Derivative Financial Instruments—Continued

Foreign exchange risk

Foreign exchange risk is the risk that the province's debt servicing costs and principal payments will fluctuate due to changes in foreign exchange rates. The province uses derivative contracts to hedge foreign exchange risk by converting foreign currency principal and interest cash flows into Canadian dollar cash flows. Within specified limits set by policy, the province and provincial corporations may assume only unhedged exposure to US dollars and Japanese yen.

The government's current policy guidelines, with respect to the provincial government direct debt portfolio, allow unhedged foreign debt exposure up to 10.00% of debt. At March 31, 2001, unhedged foreign debt exposure, in US dollars and Japanese yen, was 7.52% (2000: 7.46%) of debt.

Under current policy guidelines for BC Hydro, the maximum unhedged foreign debt exposure is 44.00% of debt. At March 31, 2001, 38.60% (2000: 34.70%) of debt was in the form of unhedged foreign debt in US dollars.

A one cent decrease in the Canadian dollar versus the US dollar would result in an increase in the debt servicing expense of $13 million for taxpayer–supported debt and $10 million for self–supported debt. A decrease in the value of the Canadian dollar of one yen would result in an increase to debt servicing expenses of $1 million for taxpayer–supported debt.

Credit risk

Credit risk is the risk that the province will incur financial loss due to a counterparty defaulting on its financial obligation to the province. In accordance with the government's policy guidelines, credit risk is reduced by dealing with only highly rated counterparties. The province only enters into derivative transactions with counterparties that have a rating from Moody's Investors Service and Standard & Poor's of at least AA–/Aa3 or A+/A1 in the case of Canadian Schedule A banks. The province also establishes limits on individual counterparty credit exposures and monitors these exposures on a regular basis.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

24. Net Equity (Deficiency)

	In Millions 2001	2000
	$	$
Net equity (deficiency)—beginning of year as previously reported[1]	(4,965)	(4,992)
Adjustments made to 1999/00 net deficiency due to changes in accounting treatment:		
Capitalization of furniture and equipment[2]		31
Record liability for employee future benefits[3]		(51)
Miscellaneous adjustments[4]		10
British Columbia Railway Company accrued vacation pay adjustment[5]		(3)
Include 552513 British Columbia Ltd. as a consolidated entity[6]	(25)	
Adjustment to Insurance Corporation of British Columbia unremitted earnings[7]	20	
Net equity (deficiency)—beginning of year as restated[1]	(4,970)	(5,005)
Surplus for the year[1]	1,498	40
Net equity (deficiency)—end of year	**(3,472)**	**(4,965)**

[1] Net equity (deficiency) has been restated to apply changes in accounting treatment and correction of errors. The total impact of these changes has the effect of increasing the 1999/00 opening net deficiency by $13 million (from $4,992 million to $5,005 million) and decreasing the surplus for the year by $12 million (from $52 million to $40 million).

[2] Furniture and equipment were capitalized in 2000/01 as part of the phased-in approach to the capitalization of tangible capital assets. This change has the effect of increasing 1999/00 tangible capital assets by $24 million and decreasing the 1999/00 surplus by $7 million.

[3] In 2000/01, the Consolidated Revenue Fund and various Crown corporations changed accounting policies to accrue the estimated costs for employee future benefits as the employees render the services necessary to earn them. This change has the effect of increasing the 1999/00 accrued employee leave liability by $56 million and decreasing the 1999/00 surplus by $5 million.

[4] Miscellaneous adjustments consist of a $7 million adjustment for a prior year adjustment related to 552513 British Columbia Ltd. and a correction of an error that increases tangible capital assets by $3 million.

[5] In 2000/01, British Columbia Railway Company recorded a prior period adjustment which increased its liability for accrued vacation pay by $3 million. This entry has the effect of reducing the 1999/00 unremitted earnings by $3 million.

[6] In 2000/01, an adjustment was required to include 552513 British Columbia Ltd. as a consolidated entity.

[7] This adjustment is to record the earnings of the Insurance Corporation of British Columbia (ICBC) for the period January 1 to March 31, 1999, which has not been recorded due to a change made last year to use the April 1 to March 31 earnings of ICBC when preparing the Summary Financial Statements.

25. Net Liabilities

	In Millions 2001	2000
Change in net liabilities:	$	$
(Surplus) deficit for the year	(1,498)	(40)
Impact of prepaid capital advances	388	379
Impact of tangible capital assets	741	438
Increase (decrease) in net liabilities	(369)	777
Impact of accounting adjustment to net deficiency	5	
Net liabilities—beginning of year	21,726	20,949
Net liabilities—end of year	**21,362**	**21,726**

The net liabilities calculation uses the expenditure, rather than the expense, basis of accounting. Under the expenditure basis of accounting, prepaid capital advances and tangible capital assets are recorded as expenditures when calculating the current year surplus or deficit. Under the expense basis of accounting, prepaid capital advances and tangible capital assets are recorded on the Balance Sheet as assets and amortized over an applicable period of time.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

26. Contingencies and Commitments

(a) Guaranteed Debt

Guaranteed debt as at March 31, 2001, totalled $447 million (2000: $698 million). *See* Statement of Guaranteed Debt on page 69 for details.

(b) Contingent Liabilities

(i) Litigation and Other Claims

The government is a defendant in legal actions and is involved in matters such as expropriation compensation disputes and tax assessment appeals. These matters may give rise to future liabilities.

These potential liabilities are accrued when it is likely that a liability exists and the amount of the liability can be reasonably estimated on an individual or portfolio basis (*see* Note 16—Other accrued estimated liabilities).

The government has contingent liabilities in respect of the following summary of matters where the estimated or known claim is or exceeds $100,000 and is net of accrued amounts:

	In Millions	
	2001	2000
	$	$
Timber harvesting rights disputes	37	237
Expropriation disputes	79	62
Contract disputes	285	59
Damages to persons or property	77	29
Property access disputes	25	23
Tax disputes	10	18
Motor vehicle accidents	12	9
Negligence and miscellaneous	62	15
	587	**452**

On March 28, 1998, the federal government announced the establishment of a $1.1 billion fund to compensate Hepatitis C victims who were infected as a result of blood transfusions between 1986 and 1990. The value of the settlement includes payments of $1.1 billion plus a contingent liability of $18 million for the Red Cross and interest accrued on these balances as of April 1, 1998. The federal government will contribute $800 million and the provincial and territorial governments will contribute $300 million. A liability has been accrued based on the estimated costs of future payments for claims. The outcome of claims may exceed the accrued amount but this additional exposure cannot be determined with certainty.

(ii) Other Contingent Liabilities

The government also has contingent liabilities in the form of indemnities, indirect guarantees and outstanding claims. Where indemnities are for explicit quantifiable loans, the amounts are included in the guaranteed debt note above.

The government is responsible for the environmental clean up of numerous contaminated sites in the province. Based on preliminary environmental audits of some sites, a liability has been recorded based upon the minimum estimated clean up costs, where an estimate has been provided. Maximum estimated clean up costs for sites under evaluation would increase the liability by at least $90 million at March 31, 2001. Many other sites remain to be evaluated; this future liability is not determinable.

The Insurance Corporation of British Columbia (the Corporation) has settled some claims which require the Corporation to provide claimants with periodic payments, usually for a lifetime. The Corporation has purchased annuities from approved life insurance companies to make these

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

26. Contingencies and Commitments—Continued

payments. The list of approved insurance companies is determined by ongoing analysis of total assets, credit rating reports, and past service history. The gross amounts of these settlements at December 31, 2000, was approximately $498 million (December 31, 1999: $460 million). In the event a life insurance company fails in this obligation, the Corporation remains responsible to continue the payments.

The unsecured creditors of Skeena Cellulose Inc. are entitled to additional amounts of up to 10% of their claims, to a total of $10 million, if minimum wood pulp prices and company cash flow requirements are met as set out under the *Companies' Creditors Arrangement Act* Plan. The Plan states that these minimum requirements must occur in a fiscal year prior to and including 2004. These amounts have not been recognized in the Summary Financial Statements, as it is the opinion of Skeena Cellulose Inc. management that the realization of the minimum requirements is not determinable.

BC Transportation Financing Authority has contingent liabilities of $103 million remaining after deducting the estimated settlement expense currently accrued from gross claims outstanding for capital projects.

At March 31, 2001, Rapid Transit Project 2000 Ltd. (RTP2000) was reviewing various contract changes and claims relating to schedule delays. As at March 31, 2001, one legal claim in the amount of $33 million (plus damages and costs) had been filed. This claim is in dispute. RTP2000 has not accrued any costs related to these items, since the eventual outcome, and potential amount, if any, of these claims is presently indeterminable.

(iii) Aboriginal Land Claims

The absence of treaties in most of British Columbia has resulted in a number of outstanding aboriginal land claims across the province. The provincial position is that these claims should be resolved through negotiation, not litigation. Most First Nations agree that the negotiation of claims is the better way to resolve this issue.

A formal process for treaty negotiations in British Columbia has been agreed to amongst the province, Canada and the First Nations Summit. Negotiations commenced in 1994. The province anticipates that these negotiations will result in modern–day treaties defining the boundaries and nature of First Nations treaty settlement lands and rights and ensure a more stable environment for resource development in British Columbia.

The British Columbia Treaty Commission facilitates treaty negotiations under a six–stage negotiation process. As of March 31, 2001, there were 41 active treaty tables in the process representing two–thirds of the aboriginal people in British Columbia. In addition, there were three transboundary tables. The Sechelt Indian Band was in the final negotiation stage; thirty–seven tables were in the Agreement in Principle stage of negotiations, four were in the Framework Agreement stage and two were in the Readiness stage.

When final treaty agreements are ratified, the provincial cost of treaties is recorded in the Public Accounts. Costs are amortized over the same period as the period of capital transfers established in final agreements. The Nisga'a treaty was given royal assent by the federal government on April 13, 2000. The provincial cost of the Nisga'a treaty has been recorded and will be amortized over 15 years.

If a final treaty is negotiated which contains the same terms as the Sechelt Agreement in Principle, Sechelt Treaty Land would amount to approximately 1,988 hectares. The province would transfer $4.2 million in capital transfers over a number of years.

Since the Supreme Court of Canada decision on December 11, 1997 of Delgamuukw v. Her Majesty the Queen in Right of British Columbia and Attorney General of Canada there has been an increase in cases involving aboriginal rights.

The Delgamuukw case itself set out a framework for analyzing aboriginal title but did not find that the Gitxsan and Wet'suwet'en First Nations held aboriginal title. Instead, the court referred the

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

26. Contingencies and Commitments—Continued

matter back for a new trial. At this time, the Gitxsan and Wet'suwet'en have taken no steps to initiate that action.

Several First Nations have commenced litigation claiming aboriginal title over their traditional lands and/or challenging provincial approvals regarding resource extraction on those lands. These challenges are often commenced on the basis that the provincial Crown has not consulted adequately with respect to aboriginal rights or title. There are also several cases, which challenge the province's exclusive ownership of roads that traverse reserves and seek compensation for the use of those roads. The result of these actions is not determinable at this time.

(c) Commitments

The government has ongoing operational and capital commitments to fund a variety of programs for public welfare including health, education, social services, protection of persons and properties, and management of natural resources. In addition, the government normally contracts out construction or maintenance of its roads, bridges and buildings. All these ongoing operational and capital commitments are detailed in the Estimates published yearly and are not repeated in this note. Any significant non–operating commitments (less than five years duration costing more than $50 million) and their completion costs are detailed in this note.

The Insurance Corporation of British Columbia has $120.8 million in outstanding commitments related to the Central City development, whose estimated total development cost is $209.4 million.

Arrow Lake Power Company, consolidated under the Columbia Power Corporation, entered into a turnkey, design-build contract for approximately $210 million for the construction of the ALGS Powerplant due to be completed by the end of 2001.

At the end of each year, the BC Transportation Financing Authority has a number of general commitments outstanding for ongoing infrastructure projects. The approved capital program for 2001/02 is $301.1 million.

27. Revenue

	In Millions 2001	2000
	$	$
Taxation revenue includes:		
Personal income	6,015	5,839
Corporation income	1,054	943
Social service	3,605	3,347
Property	1,694	1,413
Other	1,947	2,192
	14,315	**13,734**

See notes at end of the Schedule of Net Revenue by Source on page 86 for additional information on taxation revenue.

	In Millions 2001	2000
	$	$
Investment earnings include:		
Warehouse Program	112	79
Other	182	119
	294	**198**

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

28. Expense

Interest expense by function:	In Millions 2001	2000
	$	$
Health	157	131
Education	460	455
Transportation	90	89
Interest	1,873	1,769
	2,580	**2,444**

Total expense by group account classification:	In Millions 2001	2000
	$	$
Grants and contributions	17,775	16,461
Salaries and benefits	2,436	2,351
Operating costs	2,451	2,150
Amortization	521	478
Interest[1]	1,873	1,769
Other[1]	1,233	1,345
	26,289	**24,554**

[1] For 2000/01, interest expense of $707 million (2000: $675 million) is included in Other.

29. Expense Due to Valuation Allowances

	In Millions 2001	2000
	$	$
Accounts receivable	23	48
Tangible capital assets	24	302
Investments		36
Inventories		6
Loans, advances and mortgages receivable	5	
	52	**392**

These amounts are included in Other in expense by group account classification in Note 28 and represent the writedown of assets in the above Balance Sheet categories.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

30. Comparison to Estimates

The expense by function Estimates numbers on the Statement of Operations are based on comparative restated Estimates amounts for 2000/01 provided in the 2001/02 Estimates presented to the Legislature in March 2001.

The following table shows the adjustments made to calculate the Estimated expense by function for fiscal 2000/01:

	In Millions			
	Restated 2000/01 Estimates[1]	Pension Expense Allocation	Eliminate 2001/02 Adjustment[2]	2000/01 Estimates
	$	$	$	$
Health	8,479	(165)	(8)	8,306
Social services	3,803	(42)		3,761
Education	6,447	(161)	(128)	6,158
Protection of persons and property	1,364	(46)		1,318
Transportation	1,520	(15)		1,505
Natural resources	1,620	(42)		1,578
Other	693	(4)		689
General government	277	(23)	(10)	244
Interest	2,003			2,003
Pension liability adjustment	(130)	130		
Pension accounting policy change[3]	(368)	368		
	25,708	**0**	**(146)**	**25,562**

[1] Restated per schedule 1 of the 2001/02 Estimates.

[2] The restated 2000/01 Estimates included a capital maintenance adjustment of $146 million so that it would be comparable to the 2001/02 Estimates. This adjustment is eliminated to return to 2000/01 Estimates.

[3] The pension expense allocation includes $368 million for the pension accounting policy change not included in the original 2000/01 Estimates. The impact is included in the estimated expense for each function to provide a proper comparison of estimated to actual but is eliminated as a bottom line adjustment on the Statement of Operations to reflect the original budgeted deficit for that fiscal year.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

31. Amounts Held in Trust and Administered by, or on behalf of, the Province[1]

	In Millions 2001	2000
	$	$
Superannuation, pension and long-term disability funds[2,3]		
—administered by the British Columbia Pension Corporation (BCPC)	42,751	40,971
Sinking funds[2,6]		
—administered by British Columbia Investment Management Corporation (BCIMC)	4,952	4,902
Defeased trust funds[4,6]		
—administered by BCIMC	1,059	1,270
Investment funds of non-consolidated entities[5]		
—administered by BCIMC	255	207
—administered by British Columbia Investment Fund Ltd	26	25
Public Trustee and Official Administrators		
—administered by government officials	607	596
Supreme, Provincial and County Court (Suitors' Funds)		
—administered by the Courts	26	27
Workers' Compensation Board of British Columbia (WCB)[2,3,6]	8,020	7,551
Other trust funds		
—administered by various government officials	54	85
	57,750	**55,634**

[1] Pension funds under joint trusteeship agreements are included here for full disclosure (*see* Note 20).

[2] *See* the Trust Funds Financial Statements available on the BCPC's web site for the audited financial statements of superannuation and pension funds. Other financial statements are available from the WCB website and the websites of other entities whose sinking funds are administered by BCIMC.

[3] The amounts for five of the superannuation and pension funds totalling $30,256 million (2000: $28,017 million) and for the WCB (excluding the Workers' Compensation Board Superannuation Plan), have been taken from these funds' audited financial statements which have a different fiscal year-end than these financial statements.

[4] Defeased trust funds represent investments set aside to repay outstanding term debt and related interest payments. These defeased debts have been removed from the Balance Sheet of each taxpayer-supported and self-supported Crown corporation and agency and are considered extinguished for financial reporting purposes.

[5] Includes assets and liabilities not administered by BCIMC.

[6] Sinking funds include $3,759 million (2000: $3,800 million) and defeased trust funds include $830 million (2000: $1,042 million) held by BCIMC for the repayment of direct operating debt of the province.

Notes to Summary Financial Statements for the Fiscal Year Ended March 31, 2001—Continued

32. Workers' Compensation Board of British Columbia (WCB)

WCB administers the *Workers' Compensation Act*. Its main functions are promotion of occupational health and safety, compensation for occupational injury, death or disease, and rehabilitation of injured workers. WCB collects funds necessary for its operations from employers covered under the Act and as a trust is excluded from the government reporting entity. This is consistent with the reporting of most other provinces. The audited financial statements of WCB at December 31, 2000, reflect the following financial information: assets $8,264 million; liabilities $7,553 million; net equity $711 million; income $1,651 million; expenses $1,576 million; surplus from operations $75 million.

33. Significant Events

Joint Trusteeship Agreements for Pension Plans

Effective January 2001, the Public Service Pension Plan moved from sole responsibility of government to joint trusteeship with its present and retired employees. Under the Joint Trusteeship Agreement, the assets ($7.9 billion) and the liabilities ($6.9 billion) of the former plan were transferred to the new plan. The impact on the government's operating statement is a $52 million write-off of the net assets that had accrued up to the settlement date, December 31, 2000, under the former plan.

On April 5, 2001, joint trusteeship agreements were entered into for both the Municipal Superannuation Plan and the Teachers' Pension Plan, resulting in the control of the plans and their assets being assumed by newly constituted boards made up of government and plan member representatives. Under these new agreements, the government has no formal claim on pension plan surpluses and is liable for only 50% of any unfunded liabilities.

The settlement of the former plans will result in the early realization of past actuarial gains that exist in the plans. These gains would normally be deferred and credited to operations over a period of approximately 10–12 years, in accordance with government accounting policy. It is estimated that the early realization of these past gains will reduce the government's recorded unfunded pension liabilities in fiscal 2001/02 by $149 million for the Municipal Superannuation Plan and $1,189 million for the Teachers' Pension Plan, for a total credit to operations of $1,338 million.

Environmental Cleanup

On April 12, 2001, the government entered into an agreement to assume the costs of environmental clean up for the Britannia Mine site. These costs are estimated at $76 million, less contributions from predecessor owners of $30 million. The net estimated liability of $46 million will be recorded in fiscal 2001/02.

Change in Income Taxation Rates

On June 6, 2001, the government announced personal income tax rate reductions effective July 1, 2001 made retroactive to January 1, 2001. The reductions that affect revenue for the calendar year 2001 are: 1.1% for tax bracket 1; 1.4% for tax bracket 2; and 3% for tax brackets 3, 4, and 5. Because the decision to make this change was made subsequent to the year end, the revenue estimates included in these statements are not changed. Thus, the financial position of the government at March 31, 2001, is correctly stated based on the rates then in effect. If the rate changes had been in place before the fiscal year end, it is estimated that 2000/01 personal income tax revenue and related taxes receivable would have been reduced by $193 million, and the taxes receivable asset reduced by the same amount.

34. Comparatives

Certain of the comparative figures for the previous year have been restated to conform with the current year's presentation. These restatements have had no effect on the operating result as previously reported except as specifically noted.

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2001

TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES (GOVERNMENT ORGANIZATIONS) RECORDED ON A CONSOLIDATED BASIS

Consolidated Revenue Fund

Health Sector

B.C. Health Care Risk Management Society
British Columbia Health Research Foundation
Canadian Blood Services[1]
Forensic Psychiatric Services Commission
Health Facilities Association of British Columbia[2]

Education Sector

Industry Training and Apprenticeship Commission
Private Post-Secondary Education Commission

Natural Resources and Economic Development Sector

552513 British Columbia Ltd[3]
577315 British Columbia Ltd[4]
580440 B.C. Ltd[5]
BC Immigrant Investment Fund Ltd[6]
B.C. Games Society
B.C. Pavilion Corporation
B.C. Society for the Distribution of Gaming Revenue to Charities
British Columbia Assets and Land Corporation
British Columbia Enterprise Corporation
British Columbia Securities Commission
British Columbia Trade Development Corporation
Columbia Basin Trust
Creston Valley Wildlife Management Authority Trust Fund
Discovery Enterprises Inc
Duke Point Development Limited
Fisheries Renewal BC
Forest Renewal BC
Homeowner Protection Office
Okanagan Valley Tree Fruit Authority
Oil and Gas Commission
Pacific National Exhibition
Science Council of British Columbia
Tourism British Columbia
Vancouver Trade and Convention Centre Authority

Transportation Sector

BC Transportation Financing Authority
British Columbia Ferry Corporation
British Columbia Transit
Rapid Transit Project 2000 Ltd
Victoria Line Ltd

Summary Financial Statements
Reporting Entity
for the Fiscal Year Ended March 31, 2001—Continued

TAXPAYER-SUPPORTED CROWN CORPORATIONS AND AGENCIES (GOVERNMENT ORGANIZATIONS) RECORDED ON A CONSOLIDATED BASIS—CONTINUED

Social Services Sector

B.C. Community Financial Services Corporation
British Columbia Housing Management Commission
Provincial Rental Housing Corporation

Other Sector

B.C. Festival of the Arts Society
British Columbia Arts Council
British Columbia Assessment Authority
British Columbia Buildings Corporation
British Columbia Heritage Trust
British Columbia Systems Corporation[7]
First Peoples' Heritage, Language and Culture Council
Legal Services Society
Organized Crime Agency of British Columbia Society

SELF-SUPPORTED CROWN CORPORATIONS AND AGENCIES (GOVERNMENT ENTERPRISES) RECORDED ON A MODIFIED EQUITY BASIS

BCIF Management Ltd
British Columbia Hydro and Power Authority
British Columbia Liquor Distribution Branch
British Columbia Lottery Corporation
British Columbia Railway Company
Columbia Power Corporation
Insurance Corporation of British Columbia
Provincial Capital Commission

[1]This organization reflects a government partnership amongst Canadian provinces and is proportionally consolidated based upon the province's share (14.9%) of the total provincial contributions to the partnership.
[2]Health Facilities Association was wound up on March 31, 2001. All assets have been transferred to the province.
[3]This company owns shares in Skeena Cellulose Inc and was previously recorded on a modified equity basis.
[4]This company has sold its investments and no longer has any financial interest in Western Star Trucks Holdings Ltd.
[5]This company provides funding to the Vancouver Trade and Convention Centre Authority that, in turn, constructs the Vancouver Trade and Convention Centre.
[6]This organization was established during the current year.
[7]British Columbia Systems Corporation ceased operations on April 30, 2000. All assets have been transferred to the province.

Summary Financial Statements
Balance Sheet by Sector
as at March 31, 2001

In Millions

Assets	CRF[1]	Health	Education	Natural Resources	Transpor–tation	Social Services	Other	Adjust–ments[2]	Total
	$	$	$	$	$	$	$	$	$
Cash and temporary investments	(57)	40	4	500	32	25	18	(8)	554
Warehouse Program investments	1,312								1,312
Accounts receivable	2,818	2		53	15	8	35	(129)	2,802
Inventories	163	12		48	83			(1)	305
Due from the Province of British Columbia		10		87	25	4	2	(128)	
Due from other governments	172			2	42	12	1		229
Due from self–supported Crown corporations and agencies	422							0	422
Equity in self–supported Crown corporations and agencies	760							2,241	3,001
Loans, advances and mortgages receivable	388			86	1	98		1	574
Other investments	150			90		12			252
Loans for purchase of assets, recoverable from agencies	10,655							(3,218)	7,437
Other assets	259	4		6	59	10	1		339
Prepaid capital advances	8,744							(1,839)	6,905
Tangible capital assets	603	26	1	317	8,811	375	853	(1)	10,985
	26,389	**94**	**5**	**1,189**	**9,068**	**544**	**910**	**(3,082)**	**35,117**

Summary Financial Statements
Balance Sheet by Sector
as at March 31, 2001—Continued

In Millions

Liabilities and Net Equity	CRF[1]	Health	Education	Natural Resources	Transpor-tation	Social Services	Other	Adjust-ments[2]	Total
	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,659	17	2	118	307	49	68	(101)	3,119
Due to other governments	81			18	5				104
Due to Crown corporations, agencies and funds	152	1		2		4		(88)	71
Due to the Province of British Columbia		6		73	5			(84)	
Deferred revenue	414	24		15	1,860	106	18	(1,857)	580
Unfunded pension liabilities	1,477								1,477
Taxpayer-supported debt	24,249	4		303	2,407	265	607	(3,216)	24,619
Self-supported debt	8,619								8,619
	37,651	52	2	529	4,584	424	693	(5,346)	38,589
Net equity (deficiency)	(11,262)	42	3	660	4,484	120	217	2,264	(3,472)
	26,389	**94**	**5**	**1,189**	**9,068**	**544**	**910**	**(3,082)**	**35,117**

[1] Consolidated Revenue Fund.

[2] Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

Summary Financial Statements
Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2001

In Millions

	CRF[1]	Health	Education	Natural Resources	Transpor-tation	Social Services	Other	Adjust-ments[2]	Total
Revenue	$	$	$	$	$	$	$	$	$
Taxation	13,933			24	283		61	14	14,315
Natural resources	3,975			187				19	4,181
Fees and licences	1,544		1	50	413			17	2,025
Investment earnings	112	2		70	2	6	2	100	294
Miscellaneous	205	23		384	97	35	126	7	877
Contributions from the provincial government/self-supported Crown corporations and agencies	1,500	195	75	129	70	117	444	(805)	1,725
Contributions from the federal government	2,797			9	22	79	5		2,912
Recoveries								1,510	1,510
Total revenue	24,066	220	76	853	887	237	638	862	27,839
Expense									
Grants and contributions	18,024	1	4	138		128	12	(532)	17,775
Salaries and benefits	1,763	52	7	136	342	21	123	(8)	2,436
Operating costs	1,949	89	4	504	245	46	355	(741)	2,451
Amortization	125	3		21	322	6	46	(2)	521
Interest	889			25	118	13	39	789	1,873
Other	2,323	58	60	68	45	20	16	(1,357)	1,233
Recoveries	(2,610)							2,610	
Operating expense	22,463	203	75	892	1,072	234	591	759	26,289
Loss on pension settlement	52								52
Surplus (deficit) for the year 2000/01	**1,551**	**17**	**1**	**(39)**	**(185)**	**3**	**47**	**103**	**1,498**
Surplus (deficit) for the year 1999/00	**(366)**	**25**	**0**	**11**	**(492)**	**(4)**	**51**	**815**	**40**

[1] Consolidated Revenue Fund.

[2] Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the Consolidated Revenue Fund.

Summary Financial Statements
Statement of Self–Supported Crown Corporations and Agencies
Summary of Financial Position
as at March 31, 2001

In Millions

	Utility	Insurance	Liquor	Transpor–tation	Finance	Natural Resources	2001 Total	2000 Total
	$	$	$	$	$	$	$	$
Assets								
Cash and temporary investments	688	5,354	15	19	81	3	6,160	5,769
Accounts receivable	349	134	7	89	36		615	807
Inventories	81		59	32			172	237
Long–term investments	326	204					530	194
Tangible capital assets	9,443	146	28	1,110	21	12	10,760	10,912
Other assets	945	71	2	122	10		1,150	895
	11,832	**5,909**	**111**	**1,372**	**148**	**15**	**19,387**	**18,814**
Liabilities								
Accounts payable and accrued liabilities	1,512	4,169	108	200	102		6,091	5,335
Deferred revenue	998	1,259		24		1	2,282	2,328
Due to the Province of British Columbia	375		1		46		422	417
Long–term debt due to the Province of British Columbia	6,724			593			7,317	7,391
Other long–term debt	243		2	29			274	601
	9,852	5,428	111	846	148	1	16,386	16,072
Equity								
Investment by the Consolidated Revenue Fund	276			258			534	510
Unremitted earnings—end of year	1,704	481		268		14	2,467	2,232
	1,980	481		526		14	3,001	2,742
Total liabilities and equity	**11,832**	**5,909**	**111**	**1,372**	**148**	**15**	**19,387**	**18,814**

Summary Financial Statements
Statement of Self–Supported Crown Corporations and Agencies
Summary of Results of Operations and Statement of Equity
for the Fiscal Year Ended March 31, 2001

In Millions

	Utility[1]	Insur–ance[2]	Liquor[3]	Transpor–tation[4]	Finance[5]	Natural Resources[6]	2001 Total	2000 Total
	$	$	$	$	$	$	$	$
Revenue	7,903	2,653	1,732	496	1,489	4	14,277	10,380
Expense	7,350	2,667	1,090	502	939	4	12,552	9,085
Net earnings of self–supported Crown corporations and agencies	553	(14)	642	(6)	550		1,725	1,295
Contributions paid to the Consolidated Revenue Fund	(375)		(642)		(414)		(1,431)	(1,376)
Adjustments to contributions[7]					(136)		(136)	(109)
Increase in unremitted earnings in self–supported Crown corporations and agencies	178	(14)		(6)			158	(190)
Unremitted earnings—beginning of year	1,526	475		274		(43)	2,232	2,425
Adjustment to unremitted earnings[8]		20					20	(3)
Transfer to consolidated entity[9]						57	57	
Unremitted earnings—end of year	1,704	481		268		14	2,467	2,232
Investment by the Consolidated Revenue Fund	276			258			534	510
Equity in self–supported Crown corporations and agencies for the year	**1,980**	**481**	**0**	**526**	**0**	**14**	**3,001**	**2,742**

[1]Utility—British Columbia Hydro and Power Authority and Columbia Power Corporation.
[2]Insurance—Insurance Corporation of British Columbia (ICBC).
[3]Liquor—British Columbia Liquor Distribution Branch.
[4]Transportation—British Columbia Railway Company.
[5]Finance—British Columbia Lottery Corporation and BCIF Management Ltd.
[6]Natural Resources—Provincial Capital Commission.
[7]These adjustments are for a number of different items: (a) a $4 million (2000: $2 million) payment to the Consolidated Revenue Fund (CRF) to pay for the Problem Gambling Program which is shown as a recovery by the CRF; (b) $96 million (2000: $86 million) paid to the CRF that was then transferred to the B.C. Society for the Distribution of Gaming Revenue to Charities; (c) a $35 million (2000: $20 million) payment to the Gaming Policy Secretariat which is shown as a recovery by the CRF; (d) a $1 million (2000: $1million) payment to BC Gaming Commission which is shown as a recovery by the CRF.
[8]The 2001 adjustment is to record the earnings of ICBC for the period January 1 to March 31, 1999, which has not been recorded due to the change made last year to use the April 1 to March 31 earnings of ICBC when preparing the Summary Financial Statements. The 2000 adjustment relates to a prior period adjustment by British Columbia Railway Company for employee accrued vacation benefits.
[9]552513 British Columbia Ltd. no longer meets the criteria of a self–supported Crown corporation and is no longer consolidated using the modified equity basis. It is fully consolidated in the 2000/01 Summary Financial Statements.

Summary Financial Statements
Statement of Tangible Capital Assets[1,2]
for the Fiscal Year Ended March 31, 2001

In Millions

	Land	Buildings	Highway Infra-structure	Ferries	Transportation Equipment	Computer Hardware / Software	Other[1]	2001 Total	2000 Total
Historical Cost[3]	$	$	$	$	$	$	$	$	$
Opening cost	600	1,902	9,041	1,275	1,986	671	393	15,868	15,023
Inclusion of Crown corporation previously excluded[4]		12	35				78	125	
Additions	58	73	500	34	335	142	92	1,234	1,267
Disposals and valuation adjustments	(5)	(26)	(2)	(47)	(1)	(90)	(54)	(225)	(422)
	653	1,961	9,574	1,262	2,320	723	509	17,002	15,868
Accumulated Amortization									
Opening balance		779	3,169	655	373	404	244	5,624	5,217
Inclusion of Crown corporation previously excluded[4]		1	9				12	22	
Amortization expense		68	262	39	16	94	42	521	492
Effects of disposals and valuation adjustments		(19)	(9)	(20)	(1)	(54)	(47)	(150)	(85)
		829	3,431	674	388	444	251	6,017	5,624
Net book value	**653**	**1,132**	**6,143**	**588**	**1,932**	**279**	**258**	**10,985**	**10,244**

[1] This statement includes assets that are held on capital leases at March 31, 2001, at a net book value totalling $28 million (2000: $22 million) which is comprised of: buildings $6 million (2000: nil); ferries $21 million (2000: $21 million); computer hardware / software nil (2000: $1 million); and heavy equipment $1 million (2000: nil).

[2] Included in tangible assets are capital assets of BC Transit consisting of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express utilized within the related TransLink system. These assets are subject to a lease arrangement which is expected to be completed during 2001 / 02 with Greater Vancouver Transportation Authority. The net book value of these assets is $993 million (2000: $1,003 million).

[3] Historical cost includes work-in-progress at March 31, 2001, totalling $1,296 million (2000: $916 million) which is comprised of: buildings $29 million (2000: $53 million); highway infrastructure $379 million (2000: $263 million); ferries nil (2000: $23 million); transportation equipment $827 million (2000: $518 million); computer hardware / software $58 million (2000: $55 million); and, specialized equipment $3 million (2000: $4 million).

[4] In 2001 / 01 the Consolidated Revenue Fund added office furniture and equipment to the existing tangible asset classes. *See* Note 24 Net Equity (Deficiency) for information relating to the impact of this change on prior years.

[5] 552513 British Columbia Ltd. is fully consolidated for the first time in fiscal 2000 / 01; previously it had been consolidated on the modified equity basis.

Summary Financial Statements
Statement of Guaranteed Debt[1]
as at March 31, 2001

Guaranteed debt represents that debt of municipalities and other governments, private enterprises and individuals, and debt and minority interests of provincial Crown corporations, which has been explicitly guaranteed or indemnified by the government, under the authority of a statute, as to net principal or redemption provisions.

	In Millions	
	2001	2000
Taxpayer–supported Guaranteed Debt	Net Outstanding[1] $	Net Outstanding[1] $
Municipalities and other local governments:		
Municipal Act debentures	2	2
Subtotal, municipalities and other local governments	2	2
Government Services:		
Homeowner Protection Act loan guarantees	56	24
Subtotal, government services	56	24
Health and education:		
Financial Administration Act student aid loans[2]	159	267
Subtotal, health and education	159	267
Economic development:		
Build BC Act debentures		6
Securities Act	2	1
Financial Administration Act:		
District of Tumbler Ridge		3
Farm Distress Operating Loan Program	4	
Feeder Association's Loan Guarantee Program	5	1
Forest Renewal BC	19	26
Skeena Cellulose Inc	36	
Miscellaneous guarantees each less than $1 million	1	2
Home Mortgage Assistance Program Act mortgages	20	24
Home Mortgage Assistance Program Act second mortgages[3]	3	4
Subtotal, economic development	90	67
Total taxpayer–supported guaranteed debt	307	360

Summary Financial Statements
Statement of Guaranteed Debt[1]
as at March 31, 2001—Continued

Self–supported Guaranteed Debt	2001 Net Outstanding[1] $	2000 Net Outstanding[1] $
Economic development:		
British Columbia Railway Finance Act capital leases[4]	5	7
Financial Administration Act:		
Skeena Cellulose Inc[5]		156
Subtotal, economic development	5	163
Utilities:		
Hydro and Power Authority Act bonds and debentures[6]	149	192
Subtotal, utilities	149	192
Total self–supported guaranteed debt	154	355
Grand total, all guaranteed debt	461	715
Provision for probable payout	(14)	(17)
Net total, all guaranteed debt[7,8]	**447**	**698**

[1]Guaranteed debt includes gross principal debt less sinking fund balances, and represents the total amount of contingent liability of the government arising from relevant guarantees. Amounts payable in foreign currency are translated into Canadian dollars at the rate of exchange prevailing at the fiscal year–end.

[2]The government enters into risk sharing agreements with the lending institutions that provide student loans whereby the province guarantees the repayment of specific unpaid student loans under certain circumstances. Lending institutions are required to provide claims evidencing that strict criteria have been met prior to the government providing payment.

[3]The British Columbia Second Mortgage Program was sold to the Bank of Montreal in June 1989, with the condition that the province will buy back any mortgages which may become uncollectible in future years.

[4]*See* the financial statements of Crown corporations and agencies for details of maturity dates, interest rates and redemption features of the outstanding debt of these Crown agencies and for details of derivative financial products.

[5]The government has unconditionally guaranteed the payment of principal and interest for nil (2000: $79 million) of debenture issued to the Canada Pension Plan Investment Fund.

[6]Debentures totalling $0.1 million (2000: nil) have been defeased and are considered extinguished for financial reporting purposes.

Supplementary Information (Unaudited)

Public Accounts
2000/01

Adjusted Net Income of Crown Corporations and Agencies for the Fiscal Year Ended March 31, 2001

(Unaudited)

In Millions

Taxpayer–Supported (Government Organizations)	Revenue	Expense	Net Income	Policy Adjustments	Equity Adjustments	Adjusted Net Income
	$	$	$	$	$	$
552513 British Columbia Ltd	295	(295)				
577315 BC Ltd	19	(2)	17	(1)	(14)	2
580440 BC Ltd						
B.C. Community Financial Services Corporation	2	(3)	(1)			(1)
B.C. Festival of the Arts Society	1	(1)				
B.C. Games Society	2	(2)				
B.C. Health Care Risk Management Society	15	(15)				
B.C. Pavilion Corporation	34	(34)				
BC Immigrant Investment Fund Ltd						
BC Society for the Distribution of Gaming Revenue to Charities	96	(96)		(1)		(1)
BC Transportation Financing Authority	477	(476)	1	(184)		(183)
British Columbia Arts Council						
British Columbia Assessment Authority	65	(62)	3	16		19
British Columbia Assets and Land Corporation	27	(25)	2			2
British Columbia Buildings Corporation	462	(411)	51	(8)	(50)	(7)
British Columbia Enterprise Corporation						
British Columbia Ferry Corporation	456	(445)	11	(21)		(10)
British Columbia Health Research Foundation	1	(2)	(1)	1		
British Columbia Heritage Trust	1	(1)				
British Columbia Housing Management Commission	228	(228)		4		4
British Columbia Securities Commission	32	(24)	8			8
British Columbia Systems Corporation						
British Columbia Trade Development Corporation	2		2	(2)		
British Columbia Transit	120	(120)		8		8
Canadian Blood Services	107	(103)	4	12		16
Columbia Basin Trust	12	(16)	(4)			(4)
Creston Valley Wildlife Management Authority Trust Fund	1	(1)				
Discovery Enterprises Inc	1	(1)		(3)		(3)
Duke Point Development Limited	1	(1)		(5)		(5)
First Peoples' Heritage, Language and Culture Council	1	(1)				
Fisheries Renewal BC	16	(15)	1			1

Adjusted Net Income of Crown Corporations and Agencies for the Fiscal Year Ended March 31, 2001—Continued

(Unaudited)

In Millions

	Revenue	Expense	Net Income	Policy Adjustments	Equity Adjustments	Adjusted Net Income
Taxpayer–Supported (Government Organizations)—Continued	$	$	$	$	$	$
Forensic Psychiatric Services Commission	47	(47)		2		2
Forest Renewal BC	221	(285)	(64)	3		(61)
Health Facilities Association of British Columbia	36	(36)				
Homeowner Protection Office	16	(16)				
Industry Training and Apprenticeship Commission	75	(74)	1	(1)		
Legal Services Society	88	(87)	1	1		2
Oil and Gas Commission	19	(12)	7	1		8
Okanagan Valley Tree Fruit Authority	7	(3)	4			4
Organized Crime Agency of British Columbia Society	15	(14)	1	(1)		
Pacific National Exhibition	31	(32)	(1)			(1)
Private Post–Secondary Education Commission	1	(1)				
Provincial Rental Housing Corporation	19	(14)	5	(5)		
Rapid Transit Project 2000 Ltd						
Science Council of British Columbia	25	(26)	(1)	(6)		(7)
Tourism British Columbia	29	(29)		1		1
Vancouver Trade and Convention Centre Authority	4	(3)	1		(5)	(4)
Victoria Line Ltd						
Net impact of taxpayer–supported Crown corporations and agencies	**3,107**	**(3,059)**	**48**	**(189)**	**(69)**	**(210)**
Self–Supported (Government Enterprises)						
BCIF Management Ltd	1	(1)				
British Columbia Hydro and Power Authority	7,889	(7,443)	446	103	(372)	177
British Columbia Investment Management Corporation	1,732	(1,090)	642		(642)	
British Columbia Liquor Distribution Branch	1,488	(926)	562	(148)	(414)	
British Columbia Lottery Corporation	496	(503)	(7)			(7)
British Columbia Railway Company	14	(10)	4		(3)	1
Columbia Power Corporation	3,013	(2,874)	139	(153)		(14)
Insurance Corporation of British Columbia	3	(3)				
Provincial Capital Commission						
Net impact of self–supported Crown corporations and agencies	**14,636**	**(12,850)**	**1,786**	**(198)**	**(1,431)**	**157**

Impact of SUCH[1] Sector
on the Summary Financial Statements Balance Sheet
as at March 31, 2001
(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities[3]	Regional Hospital Districts[4]	Universities, Colleges and Institutes[5]	School Districts[6]	Adjustments[7]	Total[8]	Net Effect
Assets	$	$	$	$	$	$	$	$
Cash and temporary investments	554	535	40	379	389		1,897	1,343
Warehouse Program investments	1,312						1,312	
Accounts receivable	2,802	119	3	111	31	(34)	3,032	230
Inventories	305	2		28	5		340	35
Due from the Province of British Columbia		157		46	3	(206)		
Due from other governments	229	19	4	16	27		295	66
Due from self–supported Crown corporations and agencies	422						422	
Equity in self–supported Crown corporations and agencies	3,001						3,001	
Loans, advances and mortgages receivable	574	1					575	1
Other investments	252	30		949			1,231	979
Loans for purchase of assets, recoverable from agencies	7,437					(123)	7,314	(123)
Other assets	339	85		13	9		446	107
Prepaid capital advances	6,905		562			(7,467)		(6,905)
Tangible capital assets	10,985	2,649	4	2,675	4,198		20,511	9,526
	35,117	**3,597**	**613**	**4,217**	**4,662**	**(7,830)**	**40,376**	**5,259**

PUBLIC ACCOUNTS 2000/01

Impact of SUCH[1] Sector on the Summary Financial Statements Balance Sheet as at March 31, 2001—Continued

(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities[3]	Regional Hospital Districts[3]	Universities, Colleges and Institutes[3]	School Districts[3]	Adjustments[4]	Total[5]	Net Effect
Liabilities and Net Equity	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	3,119	1,001	9	383	354	(225)	4,641	1,522
Due to other governments	104	11	1	10			126	22
Due to Crown corporations, agencies and funds	71	6				(8)	69	(2)
Due to the Province of British Columbia		5				(5)		
Deferred revenue	580	2,222		1,639	4,079	(7,467)	1,053	473
Unfunded pension liabilities	1,477						1,477	
Taxpayer-supported debt	24,619	146	194	166	30	(125)	25,030	411
Self-supported debt	8,619						8,619	
	38,589	3,391	204	2,198	4,463	(7,830)	41,015	2,426
Net equity (deficiency)	(3,472)	206	409	2,019	199		(639)	2,833
	35,117	**3,597**	**613**	**4,217**	**4,662**	**(7,830)**	**40,376**	**5,259**

[1] Schools, Universities, Colleges and institutes, and Health care organizations.

[2] *See* Summary Financial Statements, Balance Sheet, on page 25.

[3] The province does not necessarily hold title to the assets of these organizations.

[4] Represents adjustments to eliminate transactions that occurred within the SUCH sector, and between the SUCH sector and other consolidated entities included in the Summary Financial Statements.

[5] Represents Summary Financial Statements including the SUCH sector.

Impact of SUCH[1] Sector on the Summary Financial Statements Statement of Operations for the Fiscal Year Ended March 31, 2001

(Unaudited)

In Millions

	Summary Statements[2]	Health Authorities	Regional Hospital Districts	Universities, Colleges and Institutes	School Districts	Adjustments[3]	Total[4]	Net Effect
Revenue	$	$	$	$	$	$	$	$
Taxation	14,315		66				14,381	66
Natural resources	4,181						4,181	
Fees and licences	2,025	411		440	123		2,999	974
Investment earnings	294	20	2	86	25		427	133
Miscellaneous	877	23	2	621	47	(75)	1,495	618
Net earnings of self–supported Crown corporations and agencies	1,725	5,581		1,495	3,982	(11,058)	1,725	0
Contributions from the federal government	2,912	10	1	123	15		3,061	149
Recoveries	1,510					(66)	1,444	(66)
	27,839	6,045	71	2,765	4,192	(11,199)	29,713	1,874
Expense								
Health	8,985	6,132	24			(5,720)	9,421	436
Social services	3,263						3,263	
Education	6,436			2,576	4,192	(5,475)	7,729	1,293
Protection of persons and property	1,227						1,227	
Transportation	1,546						1,546	
Natural resources and economic development	1,791					(4)	1,787	(4)
Other	761						761	
General government	407						407	
Interest	1,873	6	28	15	2		1,924	51
Total operating expense	26,289	6,138	52	2,591	4,194	(11,199)	28,065	1,776
Less: loss on pension settlement (Note 31)	52						52	
Surplus (deficit) for the year	**1,498**	**(93)**	**19**	**174**	**(2)**	**0**	**1,596**	**98**

[1] Schools, Universities, Colleges and institutes, and Health care organizations.

[2] *See* Summary Financial Statements, Statement of Operations, on page 26.

[3] Represents adjustments to eliminate transactions that occurred within the SUCH sector, and between the SUCH sector and other consolidated entities included in the Summary Financial Statements.

[4] Represents Summary Financial Statements including the SUCH sector.

Summary Financial Statements including SUCH[1] Sector
Balance Sheet by Sector
as at March 31, 2001
(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Assets	$	$	$	$	$	$	$	$	$
Cash and temporary investments	(57)	615	773	500	32	25	18	(9)	1,897
Warehouse Program investments	1,312								1,312
Accounts receivable	2,818	111	142	53	15	8	35	(150)	3,032
Inventories	163	14	33	48	83			(1)	340
Due from the Province of British Columbia		167	48	87	25	4	2	(333)	
Due from other governments	172	23	43	2	42	12	1		295
Due from self-supported Crown corporations and agencies	422								422
Equity in self-supported Crown corporations and agencies	760							2,241	3,001
Loans, advances and mortgages receivable	388	1		86	1	98		1	575
Other investments	150	30	949	90		12			1,231
Loans for purchase of assets, recoverable from agencies	10,655							(3,341)	7,314
Other assets	259	89	22	6	59	10	1		446
Prepaid capital advances	8,744							(8,744)	
Tangible capital assets	603	2,679	6,874	317	8,811	375	853	(1)	20,511
	26,389	**3,729**	**8,884**	**1,189**	**9,068**	**544**	**910**	**(10,337)**	**40,376**

Summary Financial Statements including SUCH[1] Sector
Balance Sheet by Sector
as at March 31, 2001—Continued
(Unaudited)

In Millions

Liabilities and Net Equity	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	2,659	1,014	739	118	307	49	68	(313)	4,641
Due to other governments	81	12	10	18	5				126
Due to Crown corporations, agencies and funds	152	7		2		4		(96)	69
Due to the Province of British Columbia		11		73	5			(89)	
Deferred revenue	414	1,684	5,718	15	1,860	106	18	(8,762)	1,053
Unfunded pension liabilities	1,477								1,477
Taxpayer-supported debt	24,249	344	196	303	2,407	265	607	(3,341)	25,030
Self-supported debt	8,619								8,619
	37,651	3,072	6,663	529	4,584	424	693	(12,601)	41,015
Net equity (deficiency)	(11,262)	657	2,221	660	4,484	120	217	2,264	(639)
	26,389	**3,729**	**8,884**	**1,189**	**9,068**	**544**	**910**	**(10,337)**	**40,376**

[1] Schools, Universities, Colleges and institutes, and Health care organizations.
[2] Consolidated Revenue Fund.
[3] Comprised of Health Sector (per Summary Financial Statements), Health Authorities and Regional Hospital Districts.
[4] Comprised of Education Sector (per Summary Financial Statements), Universities, Colleges and Institutes, and School Districts.
[5] Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the CRF.

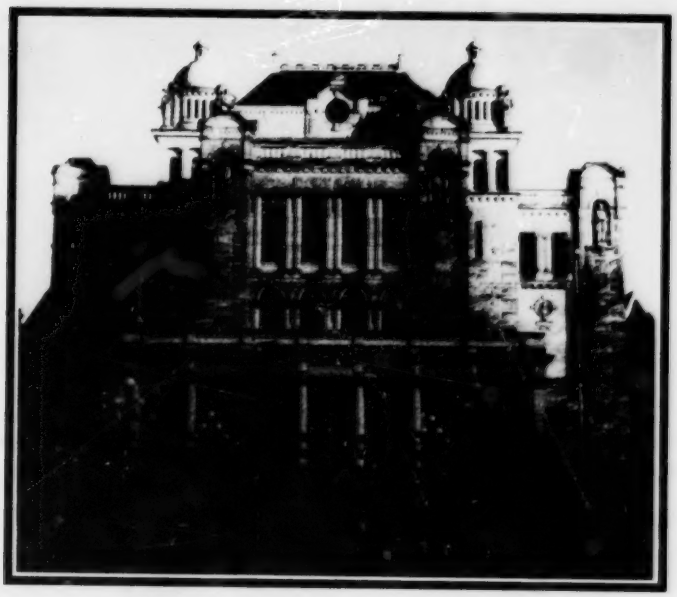
Summary Financial Statements including SUCH[1] Sector
Statement of Operations by Sector
for the Fiscal Year Ended March 31, 2001—(Unaudited)

In Millions

	CRF[2]	Expanded Health[3]	Expanded Education[4]	Natural Resources	Transport-ation	Social Services	Other	Adjust-ments[5]	Total
Revenue	$	$	$	$	$	$	$	$	$
Taxation	13,933	66		24	283		61	14	14,381
Natural resources	3,975			187				19	4,181
Fees and licences	1,544	411	564	50	413			17	2,999
Investment earnings	112	24	111	70	2	6	2	100	427
Miscellaneous	205	39	668	384	97	35	126	(59)	1,495
Contributions from the provincial government/self-supported Crown corporations	1,500	5,775	5,487	129	70	117	444	(11,797)	1,725
Contributions from the federal government	2,797	11	138	9	22	79	5		3,061
Recoveries								1,444	1,444
Total revenue	24,066	6,326	6,968	853	887	237	638	(10,262)	29,713
Expense									
Grants and contributions	18,024	45	72	138		128	12	(11,090)	7,329
Salaries and benefits	1,763	3,894	5,182	136	342	21	123	(467)	10,994
Operating costs	1,949	1,969	1,013	504	245	46	355	(769)	5,312
Amortization	125	236	364	21	322	6	46		1,120
Interest	889	34	17	25	118	13	39	789	1,924
Other	2,323	205	147	68	45	20	16	(1,438)	1,386
Recoveries	(2,610)							2,610	
Total operating expense	22,463	6,383	6,795	892	1,072	234	591	(10,365)	28,065
Less: loss on pension settlement (Note 31)	52								52
Surplus (deficit) for the year 2000/01	**1,551**	**(57)**	**173**	**(39)**	**(185)**	**3**	**47**	**103**	**1,596**
Surplus (deficit) for the year 1999/00	**(366)**	**(77)**	**89**	**11**	**(492)**	**(4)**	**51**	**815**	**27**

[1] Schools, Universities, Colleges and institutes, and Health care organizations.
[2] Consolidated Revenue Fund.
[3] Comprised of Health Sector (per Summary Financial Statements), Health Authorities and Regional Hospital Districts.
[4] Comprised of Education Sector (per Summary Financial Statements), Universities, Colleges and Institutes, and School Districts.
[5] Represents sectoral adjustments to conform to government accounting policies and to eliminate transactions between sectors, and between sectors and the CRF.

Consolidated Revenue Fund Extracts (Unaudited)



Public Accounts
2000/01

Consolidated Revenue Fund
Operating Result
for the Fiscal Year Ended March 31, 2001
(Unaudited)

In Millions

	2001		2000
Revenue Summary	Estimated $	Actual $	Actual $
Taxation	13,076	13,933	13,378
Natural resource	2,378	3,975	2,517
Other	1,881	1,861	1,888
Contributions from Crown corporations and agencies	1,448	1,500	1,454
Contributions from the federal government	2,717	2,797	2,609
Net revenue	21,500	24,066	21,846
Expense Summary			
Health[1]	8,503	8,745	8,017
Social services	3,110	3,126	3,011
Education[1]	6,371	6,357	5,975
Protection of persons and property	1,060	1,101	1,110
Transportation[1]	635	611	1,697
Natural resources and economic development	911	1,028	962
Other	443	341	359
General government	258	265	246
Interest[1,2]	1,009	889	835
Total expense before loss on pension settlement	22,300	22,463	22,212
Operating result before loss on pension settlement	(800)	1,603	(366)
Loss on pension settlement to joint trusteeship agreement[3]		52	
Consolidated Revenue Fund including impact of joint trusteeship agreement	**(800)**	**1,551**	**(366)**

[1] For 2000-01, interest expense of $460 million (2000: $455 million) is included in education expense, $157 million (2000: $131 million) is included in health expense and $90 million (2000: $89 million) is included in transportation expense.

[2] Interest expense does not include interest of $872 million (2000: $872 million) on borrowings under the Fiscal Agency Loan Program, interest of $112 million (2000: $79 million) on borrowings under the Warehouse Program, interest of $8 million (2000: $11 million) on borrowings under the Matched Book Program and interest of $0.3 million (2000: $0.5 million) on the cost of hedging of borrowings guaranteed by the government. These amounts are not included because the interest expense and recovery are offsetting.

[3] Effective January 2, 2001, the Public Service Pension Plan moved from sole responsibility of the government to joint trusteeship with its present and retired employees. Under the joint trusteeship agreement, the assets ($7.9 billion) and the liabilities ($6.9 billion) of the former plan were transferred to the new plan. The impact on the Statement of Operations is a $52 million write-off of the estimated net assets of the old plan at December 31, 2000.

Consolidated Revenue Fund
Schedule of Net Revenue by Source
for the Fiscal Year Ended March 31, 2001
(Unaudited)

In Millions

	2001		2000
	Estimated $	Actual $	Actual $
Taxation Revenue[1]			
Personal income	5,513	6,015	5,839
Corporation income	915	1,054	939
Social service	3,446	3,617	3,338
Fuel	437	443	470
Tobacco	468	460	498
Property—residential (school purpose)	514	538	529
Property—business (school purpose)	779	770	758
Property—rural area	67	63	63
Property transfer	250	262	245
Corporation capital	438	459	460
Insurance premium	198	196	199
Hotel room	87	93	86
Horse racing	3		3
Commissions on collection of public funds	(24)	(23)	(24)
Valuation adjustments	(15)	(14)	(25)
Total taxation revenue	13,076	13,933	13,378
Natural Resource Revenue			
Petroleum and natural gas:			
Natural gas royalties	335	1,249	328
Permits and fees	217	462	248
Petroleum royalties	88	136	94
	640	1,847	670
Minerals	33	53	47
Forests:			
Timber sales	967	821	1,041
Small Business Forest Enterprise Program	232	257	269
Logging tax	45	60	24
Other forests revenue	58	15	58
	1,302	1,153	1,392
Other:			
Water resources	398	926	397
Wildlife Act—fees and licences	14	15	15
	412	941	412
Sub-totals	2,387	3,994	2,521
Commissions on collection of public funds	(1)	(1)	(1)
Valuation adjustments	(8)	(18)	(3)
Total natural resource revenue	2,378	3,975	2,517

Consolidated Revenue Fund
Schedule of Net Revenue by Source
for the Fiscal Year Ended March 31, 2001—Continued
(Unaudited)

In Millions

	2001		2000
Other Revenue	Estimated $	Actual $	Actual $
Fees and licences:			
Medical Services Plan premiums	891	895	868
Motor vehicle licences and permits	341	342	336
Ministry of Attorney General fees	102	101	102
Real estate earnings of the Crown Land Special Account	80	48	55
Coquihalla Highway tolls	41	42	41
Registries Agency fees	37	36	36
Vital Statistics agency fees	10	10	10
Ministry of Health fees	22	21	24
Provincial Treasury Operations and Insurance and Risk Management Special Account	22	22	33
Safety inspection fees	16	16	16
Waste management fees	12	11	12
Property tax collection fees	7	7	7
Financial Institutions Commission	1	1	2
Other fees and licences	34	15	25
Commissions on collection of public funds	(5)	(7)	(14)
Valuation adjustments	(16)	(17)	(5)
	1,595	1,543	1,548
Investment earnings	55	112	60
Miscellaneous:			
Fines and penalties	103	99	108
Insurance claim receipts	13	12	13
Other miscellaneous	92	114	114
Commissions on collection of public funds	(9)		(3)
Valuation adjustments	(18)	(19)	(4)
	181	206	228
Asset dispositions	50		52
Total other revenue	1,881	1,861	1,888
Contributions from Crown corporations and agencies			
Taxpayer-supported Crown corporations and agencies:			
British Columbia Buildings Corporation	62	50	71
Other		19	7
Total contributions from taxpayer-supported Crown corporations and agencies	62	69	78

Consolidated Revenue Fund
Schedule of Net Revenue by Source
for the Fiscal Year Ended March 31, 2001—Continued
(Unaudited)

In Millions

	2001		2000
	Estimated $	Actual $	Actual $
Contributions from Crown corporations and agencies—Continued			
Self-supported Crown corporations and agencies:			
British Columbia Hydro and Power Authority	355	372	343
British Columbia Liquor Distribution Branch	620	642	617
British Columbia Lottery Corporation	398	414	416
Other	13	3	
Total contributions from self-supported Crown corporations and agencies	1,386	1,431	1,376
Total contributions from Crown corporations and agencies	1,448	1,500	1,454
Contributions from the Federal Government			
Canada health and social transfer	2,549	2,619	2,438
Education (public schools)	74	74	81
Employability assistance for persons with disabilities	27	28	27
Young Offenders Act	2	2	2
Other payments	65	74	61
Total contributions from the federal government	2,717	2,797	2,609
Net Consolidated Revenue Fund revenue	**21,500**	**24,066**	**21,846**
Revenue Collected for and Transferred to Crown Corporations, Agencies and Other Entities[2]			
Transfers to BC Transportation Financing Authority	(203)	(202)	(176)
Transfers to British Columbia Ferry Corporation	(72)	(73)	(65)
Transfers to British Columbia Transit	(8)	(7)	(8)
Transfers to Forest Renewal BC	(251)	(187)	(302)
Transfers to Greater Vancouver Transportation Authority	(187)	(173)	(182)
Transfers to Oil and Gas Commission	(14)	(18)	(13)
Transfers to Tourism British Columbia	(20)	(24)	(22)
Transfers to other Crown corporations, agencies and entities	(158)	(158)	(152)
Total	**(913)**	**(842)**	**(920)**

[1]Personal income tax and corporation income tax revenues are recorded after adjustment for tax credits. Personal income tax was reduced by $84 million (2000: $79 million) and corporation income tax was reduced by $111 million (2000: $41 million). The types of tax credits adjusting personal income tax and corporation income tax revenues are for foreign taxes, logging taxes, venture capital, political contributions, low income rent reductions, low income tax rebates and royalty tax rebates.

Personal income tax revenue is also reduced by $85 million (2000: $103 million) which represents that portion of the Family Bonus Program costs recorded against revenue.

Additional personal income tax and corporation income tax refunds are issued under the *International Financial Business (Tax Refund) Act*. Personal income tax refunds were $0.4 million (2000: $0.4 million) and corporation income tax refunds were $2.7 million (2000: $2.1 million).

Property—residential (school purpose) revenue is net of home owner grants of $495 million (2000: $487 million).

[2]The Revenue Collected for and Transferred to Crown Corporations, Agencies and Other Entities has been reduced from their revenue sources.

Consolidated Revenue Fund
Schedule of Comparison of Estimated Expenses to Actual Expenses for the Fiscal Year Ended March 31, 2001
(Unaudited)

In Thousands

Special Offices, Ministries and Other Appropriations	Estimated	Other Authorizations	Total Authorizations	Actual
	$	$	$	$
Legislation	38,082		38,082	36,263
Officers of the Legislature	26,274	314	26,588	26,287
Office of the Premier	2,713	405	3,118	3,077
Aboriginal Affairs	43,307	19,066	62,373	62,363
Advanced Education, Training and Technology	1,903,844	51,233	1,955,077	1,946,791
Agriculture, Food and Fisheries	100,464	3,579	104,043	103,457
Attorney General	941,123	88,230	1,029,353	1,029,173
Children and Families	1,500,955		1,500,955	1,499,764
Community Development, Cooperatives and Volunteers	22,730	978	23,708	23,634
Education	4,536,431	83,000	4,619,431	4,612,190
Employment and Investment	37,165	(10)	37,155	33,775
Energy and Mines	41,669	16,311	57,980	57,795
Environment, Lands and Parks	188,506	12,434	200,940	200,908
Finance and Corporate Relations	113,093	947	114,040	106,189
Forests	512,444	47,983	560,427	556,201
Health	8,268,545	502,572	8,771,117	8,653,987
Labour	29,752	5,595	35,347	35,347
Multiculturalism and Immigration	24,188	5,750	29,938	29,228
Municipal Affairs	140,982	4,711	145,693	145,533
Small Business, Tourism and Culture	85,837	11,587	97,424	97,423
Social Development and Economic Security	2,026,375	196,931	2,223,306	2,196,707
Transportation and Highways	464,471	48	464,519	464,511
Women's Equality	54,425	(1,812)	52,613	47,007
Management of public funds and debt	1,009,000		1,009,000	888,870
BC Family Bonus	152,000		152,000	144,562
Contingencies (all ministries) and New Programs[1]	125,000	(74,480)	50,520	
Commissions on collection of public funds and allowance for doubtful revenue accounts.	1		1	
Environmental Assessment and Land Use Coordination	14,891	732	15,623	15,623
Environmental Boards and Forest Appeals Commission	2,014		2,014	1,307
Forest Practices Board	5,151		5,151	4,910
Green Economy Initiative	5,000		5,000	4,615
Public Sector Employers' Council	3,119		3,119	3,085
Seismic Mitigation		9,700	9,700	8,986
BC Energy Rebate		78,000	78,000	42,000
Insurance and Risk Management Special Account	9,052	5,172	14,224	14,224
Unclaimed Property Special Account	1,000	19,251	20,251	20,251
Transfer from the Unclaimed Property Special Account to the General Fund		(19,057)	(19,057)	(19,057)
Current year change in unfunded pension liability	(129,603)	(504,376)	(633,979)	(633,979)
Total expense before loss on pension settlement	**22,300,000**	**564,794**	**22,864,794**	**22,463,007**

Consolidated Revenue Fund
Schedule of Comparison of Estimated Expenses to Actual Expenses for the Fiscal Year Ended March 31, 2001—Continued
(Unaudited)

In Thousands

Summary of Appropriations	Estimated	Other Authorizations	Total Authorizations	Actual
	$	$	$	$
Voted expense	22,082,097	1,026,629	23,108,726	22,714,386
Statutory:				
Various Acts		16,171	16,171	16,171
Special Accounts	465,840	243,857	709,697	702,250
Special Fund	10	16,143	16,153	16,153
Inter-account transfers	(118,344)	(233,631)	(351,975)	(351,975)
Valuation allowances		1	1	1
Amortization of change in unfunded pension liability	(129,603)	(504,376)	(633,979)	(633,979)
Total expense by appropriation—2000/01	**22,300,000**	**564,794**	**22,864,794**	**22,463,007**
Total expense by appropriation—1999/00	**21,045,000**	**1,384,302**	**22,429,302**	**22,212,485**

[1]Budget for Contingencies has been reallocated to ministries with approved access.

Consolidated Revenue Fund
Schedule of Financing Transaction Disbursements
for the Fiscal Year Ended March 31, 2001
(Unaudited)

In Thousands

	Estimated	Other Authorizations	Total	Actual Disbursements
Special Offices, Ministries and Other Appropriations	$	$	$	$
Legislation	643		643	583
Officers of the Legislature	3,340	82	3,422	3,144
Aboriginal Affairs	13,413		13,413	12,899
Advanced Education, Training and Technology	540,920	(304,897)	236,023	133,518
Agriculture, Food and Fisheries	54,716	584	55,300	51,967
Attorney General	24,630		24,630	13,499
Children and Families	31,539		31,539	22,428
Community Development, Cooperatives and Volunteers	135		135	121
Education	451,387		451,387	351,211
Employment and Investment	50,361	289	50,650	17,889
Energy and Mines	15,041	3,684	18,725	18,708
Environment, Lands and Parks	12,097	12,057	24,154	22,644
Finance and Corporate Relations	716,575	7,702	724,277	689,375
Forests	281,611		281,611	197,634
Health	290,756	105,862	396,618	384,795
Labour	2,499		2,499	2,413
Multiculturalism and Immigration	2,306	389	2,695	2,146
Municipal Affairs	475	624	1,099	1,096
Small Business, Tourism and Culture	3,381	1,359	4,740	2,791
Social Development and Economic Security	15,237	389,900	405,137	367,399
Transportation and Highways	13,034		13,034	12,722
Women's Equality	110	32	142	132
BC Family Bonus	684		684	
Contingencies (all ministries) and New Programs	20,000	(9,627)	10,373	
Environmental Assessment and Land Use Coordination	248	185	433	386
Environmental Boards and Forest Appeals Commission	130		130	45
Forest Practices Board	60		60	59
Green Economy Initiative		42	42	42
Public Sector Employers' Council	15		15	14
Insurance and Risk Management Special Account	47	375	422	27
Total Consolidated Revenue Fund financing transaction disbursements	**2,545,390**	**208,642**	**2,754,032**	**2,309,687**
Summary of Appropriations				
Loans, investments and other requirements	174,235	81,623	255,858	176,461
Prepaid capital advances	1,235,210	105,662	1,340,872	1,107,569
Revenue collected for, and transferred to, other entities	912,900	9,428	922,328	842,462

Consolidated Revenue Fund
Schedule of Financing Transactions
for the Fiscal Year Ended March 31, 2001—Continued
(Unaudited)

In Thousands

	Estimated	Other Authorizations	Total	Actual Disbursements
	$	$	$	$
Capital Expenditures:				
Land	5,684	11,932	17,616	16,933
Buildings	1,450		1,450	1,454
Specialized equipment	18,160		18,160	14,840
Office furniture and equipment	7,667	3	7,670	9,286
Vehicles	6,965		6,965	6,764
Information systems	170,438	(6)	170,432	124,152
Tenant improvements	10,980		10,980	6,562
Roads, bridges and ferries	3,461		3,461	3,272
Recoveries	(1,760)		(1,760)	(68)
Total financing transactions by appropriation	**2,545,390**	**208,642**	**2,754,032**	**2,309,687**

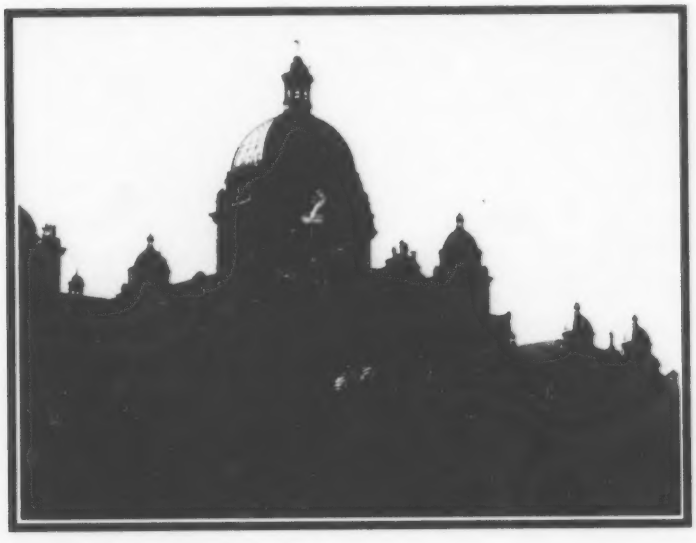
Consolidated Revenue Fund
Schedule of Information Required Under Section 10(c)(iv),(v) and (vi)
of the *Financial Administration Act*
for the Fiscal Year Ended March 31, 2001
(Unaudited)

In Millions

Ministry	Assets, Debts and Obligations Written Off	Debts and Obligations Extinguished	Remissions Made
	$	$	$
Advanced Education, Training and Technology	11		
Attorney General	2		
Employment and Investment	3	3	
Energy and Mines	9		
Finance and Corporate Relations	28		1
Forests	2		4
Health	1		
Small Business, Tourism and Culture	1		
Social Development and Economic Security	5		
Transportation and Highways	1	1	
Total 2000/01	**63**	**4**	**5**
Total 1999/00	**103**	**1,082**	**2**

This statement includes amounts authorized by sections 17, 18, and 19 of the *Financial Administration Act*. Amounts authorized for write-off, forgiveness or remission by other statutes are not shown separately in these financial statements.

Provincial Debt Summary



Public Accounts
2000/01

Overview of Provincial Debt
(Unaudited)

The provincial government and its Crown corporations incur debt to finance operations and capital projects. Borrowing for operations is required when revenues fall short of expenditures and to meet other cash requirements such as loans and investments. Borrowing for capital projects finances the building of schools, hospitals, roads, public transit and other social and economic capital assets. As these investments provide essential services over several years, the government, like the private sector, borrows to fund these projects and amortizes the costs over the asset's useful life.

Provincial debt is reported using two basic classifications: (1) taxpayer–supported debt; and (2) self–supported debt.

Taxpayer–supported Debt—includes government direct debt, which is incurred for government operating and capital purposes, and the debt of those Crown corporations and agencies which require an operating or debt service subsidy from the provincial government or which are fully consolidated in the Summary Financial Statements. Examples include debt of the British Columbia Ferry Corporation, British Columbia Buildings Corporation, and BC Transportation Financing Authority.

Self–supported Debt—includes the debt of commercial Crown corporations and agencies as well as the Warehouse Program. Commercial Crown corporations and agencies generate sufficient revenues to cover interest costs and repay principal, and may pay dividends to the province. The British Columbia Hydro and Power Authority and British Columbia Railway Company are examples of commercial Crown corporations. The Warehouse Program is used to take advantage of borrowing opportunities in advance of requirements. Eventually, this debt is allocated to the province, Crown corporations or agencies; in the interim, the funds are invested at market rates.

The following provincial debt summary provides additional detailed information and related key indicators and benchmarks to allow a more informed assessment of the debt totals. A reconciliation is also provided to explain the differences between the Debt Statistics report and the Summary Financial Statements.

The total provincial debt as at March 31, 2001 was $33,835 million which consists of $33,238 million in the Summary Financial Statements, together with $263 million in additional debt of self–supported Crown corporations and agencies and $334 million in additional taxpayer–supported debt.

Provincial Debt as at March 31, 2001 (Unaudited)

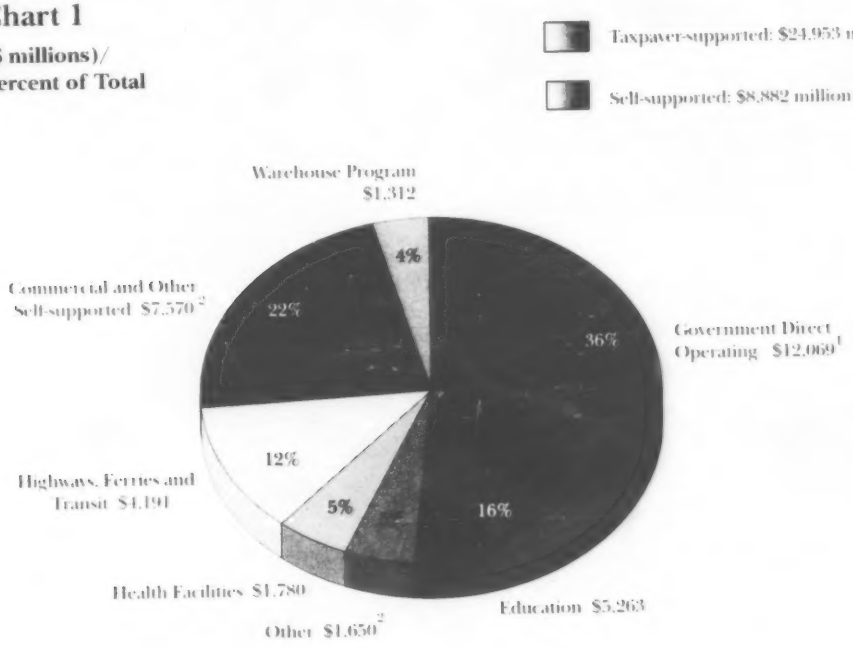
The accumulated provincial debt of $33,835 million has been incurred for various purposes as shown in Chart 1 below. Over the years, borrowing activity has contributed to economic development in the province and has provided resources to deliver health, education and social programs, and transportation infrastructure.

At March 31, 2001, taxpayer-supported debt totalled $24,953 million—including debt incurred for government operating purposes ($12,069 million), educational facilities ($5,263 million), health facilities ($1,780 million), transportation infrastructure ($4,191 million) and other debt ($1,650 million). Other debt is comprised mainly of British Columbia Buildings Corporation, 552513 British Columbia Ltd. (Skeena Cellulose Inc.), social housing, student loans, and loans to universities and colleges. In 2000/01, 552513 British Columbia Ltd.'s (Skeena Cellulose Inc.) debt was reclassified from self-supported to taxpayer-supported debt.

At March 31, 2001, self-supported debt totalled $8,882 million—including debt of commercial Crown corporations and agencies ($7,570 million) and the Warehouse Program ($1,312 million). Commercial debt includes the debt of British Columbia Hydro and Power Authority, British Columbia Railway Company, Columbia Basin Power Company, and Columbia Power Corporation.

Chart 1

($ millions)/ Percent of Total



Total: $33,835 million

[1] Operating debt includes a portion of highway infrastructure debt incurred prior to 1994/95, ferry infrastructure debt transferred in 1999/00, and amounts required to finance operating deficits.

[2] Based on the outlook for world pulp prices and their potential impact on 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the debt was reclassified as being taxpayer-supported in 2000/01.

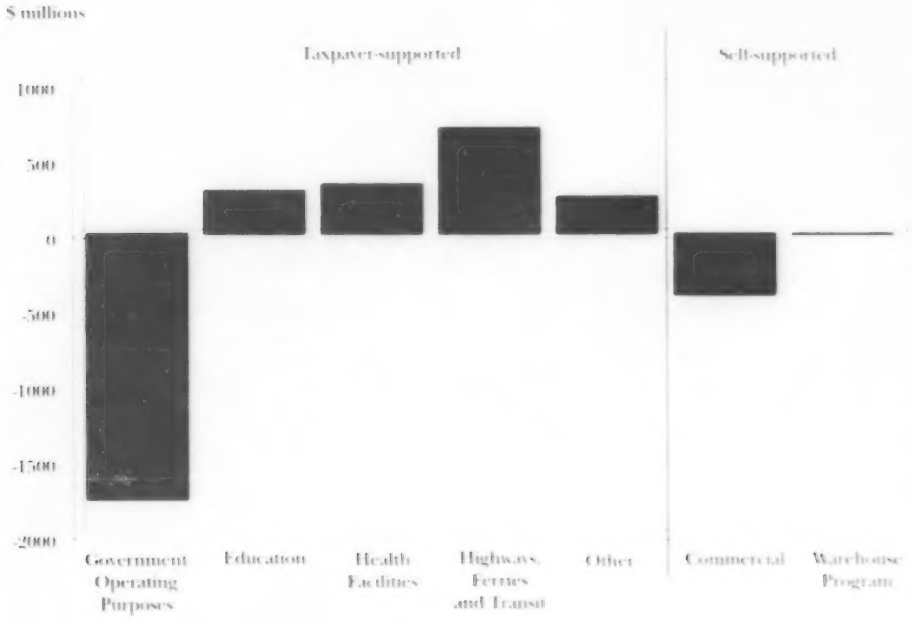
Change in Provincial Debt[1]
(Unaudited)

Provincial debt decreased by $616 million in 2000/01; of this, taxpayer-supported debt decreased by $201 million and self-supported debt decreased by $415 million (*see* Chart 2 below).

Taxpayer-supported Debt—The 2000/01 decrease of $201 million was primarily due to a significant decrease ($1,764 million) in government operating debt, partially offset by new capital financing totalling $1,318 million needed to fund various provincial infrastructures in the education ($285 million), health ($329 million), and transportation ($704 million) sectors. Major factors contributing to the significant decrease in government operating debt include stronger than expected Consolidated Revenue Fund revenues and significant cash balances at the beginning of the year. Other debt increased by $245 million due to the reclassification of 552513 British Columbia Ltd.'s (Skeena Cellulose Inc.) debt totalling $337 million at March 31, 2001 from self-supported to taxpayer-supported debt, reduced by the net change of $95 million from the restatement of student loan guarantees. As a result, the increase in Other debt excluding these two adjustments was only $3 million.

Self-supported Debt—The 2000/01 decrease of $415 million consists of a $407 million reduction in commercial Crown corporations debt and a $8 million reduction in Warehouse Program debt. The commercial Crown corporations debt was lower compared to last year, mainly due to 552513 British Columbia Ltd.'s (Skeena Cellulose Inc.) debt of $337 million being reclassified as being taxpayer-supported in 2000/01 and a reduction in the debt of British Columbia Hydro and Power Authority, which had higher than expected earnings.

Chart 2



[1] Includes gross new borrowing plus changes in sinking fund balances, less debt maturities.

Reconciliation of Summary Accounts Surplus to Change in Taxpayer–Supported Debt and Total Debt for the Fiscal Year Ended March 31, 2001
(Unaudited)

	In Millions 2001	2000
Taxpayer–Supported Debt	$	$
Summary accounts surplus for the year (decreases)	(1,498)	(40)
Debt decreased by:		
Non–cash expenses included in surplus	(781)	(1,271)
Self–supported Crown corporation and agency contributions to the Consolidated Revenue Fund in excess of earnings		(190)
Accounts receivable, accounts payable and other working capital net decreases	(165)	
	(946)	(1,461)
Debt increased by:		
Accounts receivable, accounts payable and other working capital net increases		1,310
Self–supported Crown corporation and agency earnings in excess of contributions to the Consolidated Revenue Fund	158	
Prepaid capital advances	751	716
Tangible capital asset net acquisitions	1,183	1,243
Net increases in loans, advances and investments	151	210
	2,243	3,479
Net increase (decrease) in taxpayer–supported debt	(201)	1,978
Taxpayer–supported debt—beginning of year	25,154	23,176
Taxpayer–supported debt—end of year	24,953	25,154
Self–supported debt[2]	8,882	9,297
Total debt[3]	**33,835**	**34,451**

Reconciliation of Total Debt to the Summary Financial Statement Debt as at March 31, 2001
(Unaudited)

Total debt	33,835	34,451
Debt included as part of equity in self–supported Crown corporations and agencies	(263)	(586)
Contingent liabilities for debt of individuals and organizations that have been guaranteed by the province[4]	(307)	(360)
Non–guaranteed debt attributable to minority shareholder of 552513 British Columbia Ltd (Skeena Cellulose inc.)	(27)	
Summary Financial Statements debt	**33,238**	**33,505**
Comprised of:		
Taxpayer–supported debt	24,619	24,794
Self–supported debt	8,619	8,711
	33,238	**33,505**

[1] Restated. *See* Note 21.
[2] *See* Summary of Provincial Debt, page 101.
[3] Total debt, as defined in the Debt Statistics report, includes debt of commercial Crown corporations and agencies, debt of individuals and organizations guaranteed by the province, and non–guaranteed debt of Crown corporations and agencies.
[4] Restated to include guarantees for student loans ($224 million) and other miscellaneous adjustments ($6 million).

Change in Provincial Debt
Comparison to Budget
(Unaudited)

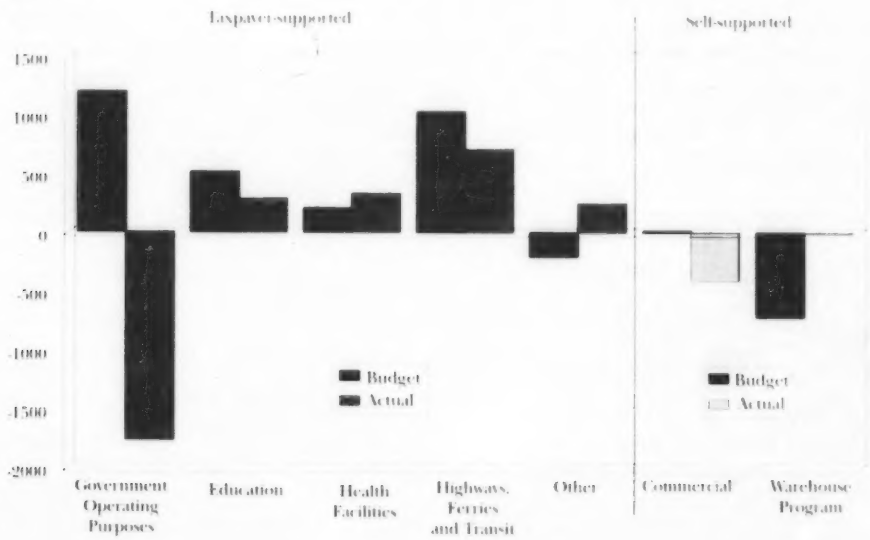
The change in provincial debt was $2,638 million less than originally budgeted (per Budget 2000 Reports, adjusted to reflect final Public Accounts balance at March 31, 2000). Chart 3 below shows the difference between the actual change in provincial debt and the budgeted change by major category. The change in taxpayer-supported debt was $2,928 million less than budget, offset by the change in self-supported debt which was $290 million higher than budget.

Taxpayer-supported Debt—The change was $2,928 million lower than budget, primarily due to the significantly lower than expected Consolidated Revenue Fund operating and financing requirements plus some delays in schools and transportation capital spending, offset by increased capital financing for health facilities and $337 million in 552513 British Columbia Ltd.'s (Skeena Cellulose Inc.) debt being reclassified from self-supported debt in 2000/01.

Self-supported Debt—The change was $290 million higher than budget mainly due to the change in Warehouse Program debt being $712 million higher than planned, offset by the change in the commercial Crown corporations debt which was $422 million lower than expected (primarily as a result of the reclassification of 552513 British Columbia Ltd.'s (Skeena Cellulose Inc.) debt). The Warehouse Program debt was higher than planned, as a result of substantially lower than projected government borrowing requirements in 2000/01. The borrowings under this program will be used to meet the financing requirements in 2001/02.

Chart 3

$ millions



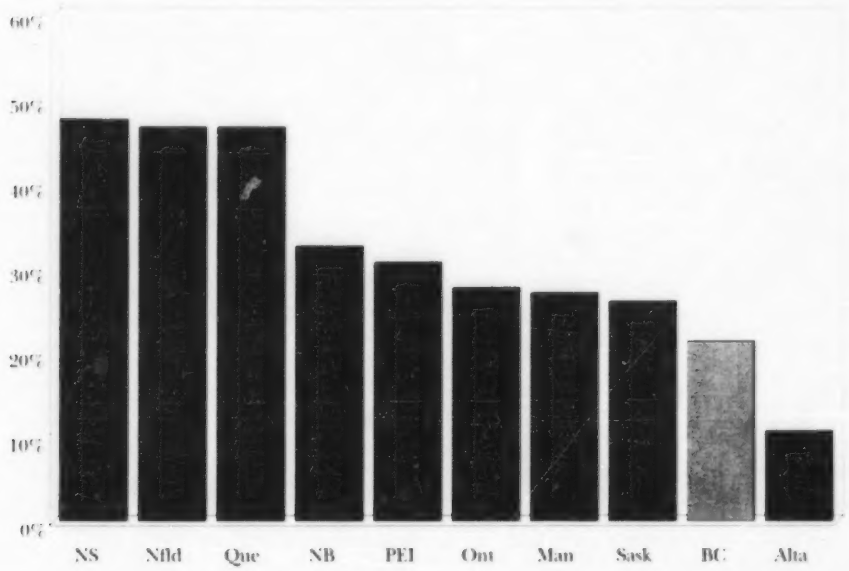
Adjusted to reflect final Public Account balances at March 31, 2000.
Based on the outlook for world pulp prices and their potential impact on 552513 British Columbia Ltd. (Skeena Cellulose Inc.), the debt was reclassified as being taxpayer-supported in 2000/01.

Interprovincial Comparison of Taxpayer-supported Debt as a Percentage of Gross Domestic Product
(Unaudited)

Chart 4 below shows the ratio of each province's taxpayer-supported debt as a percentage of their gross domestic product (GDP). The ratio of a province's taxpayer-supported debt relative to its GDP highlights the ability of a province to service its debt load. This rating is often used by investors and credit rating agencies when assessing a province's investment quality. British Columbia's taxpayer-supported debt ratio is one of the lowest in Canada and this translates into a strong credit rating and relatively low debt servicing costs. Chart 4 shows that, according to the Moody's Investors Service, British Columbia has the second lowest taxpayer-supported debt to GDP ratio of all provinces.

Chart 4

Percent of GDP, at March 31, 2001



Source: Moody's Investors Service, May 2001

More comprehensive information on the debt of the province and its Crown corporations and agencies is provided in the annual Debt Statistics report. This document is issued concurrently with the Public Accounts and provides more detailed information to assist the reader in assessing the province's debt position. This report is available on the Internet at: www.fin.gov.bc.ca.

Report of the Auditor General of British Columbia

ON THE SUMMARY OF PROVINCIAL DEBT, KEY INDICATORS OF PROVINCIAL DEBT, AND SUMMARY OF KEY BENCHMARKS

To the Legislative Assembly
of the Province of British Columbia

Preamble

The Government of British Columbia, in its Budget '95 (Report E), presented a debt management plan. In that plan, the Government stated that it will annually provide an audited report on its progress in meeting plan goals and benchmarks.

In Budget '97 (Report C), the Government introduced a financial management plan with new benchmarks, to replace its debt management plan. In Budget '98 (Report C) the Government modified the benchmarks in its financial management plan, and in Budget '99 (Report B) it introduced a 5-year fiscal planning framework as a focus of its financial management plan, and again modified benchmarks.

Each year since 1995, at the request of the Minister of Finance, the Auditor General has provided a special report to the Legislative Assembly on the completeness and accuracy of debt related statements prepared by the Government. For the Debt Statistics 2000/01 report, these statements are the Summary of Provincial Debt, Key Indicators of Provincial Debt, and Summary of Key Benchmarks. Through these statements the Government outlines its management of the provincial debt by comparing the fiscal year's actual results with those of prior years for provincial debt and its indicators, and to the budgeted indicators and benchmarks.

Consistent with prior years, in these statements, and in budgets, provincial debt includes debt of the government reporting entity as defined by the Canadian Institute of Chartered Accountants but does not include amounts borrowed from private lenders directly by School Districts, Universities, Colleges and Institutes, Public Health Care Organizations and Regional Hospital Districts. For the 2000/01 fiscal year, the outstanding balance of these excluded borrowings amounted to $411 million ($375 million for 1999/2000).

The preparation of the three statements named above is the responsibility of the Government. My responsibility is to express an opinion on the completeness and accuracy of such information based on the above definition of provincial debt.

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Scope

I examined financial and other information included in the statements titled Summary of Provincial Debt as at March 31, 2001, Key Indicators of Provincial Debt for the Fiscal Year ended March 31, 2001, and Summary of Key Benchmarks for the Fiscal Year ended March 31, 2001 in accordance with procedures I considered necessary in the circumstances. These procedures include the verification of financial information extracted from financial statements audited by myself or by other auditors whose work I have reviewed on a test basis. They also include confirming or assessing the reasonableness of the statistical data used by the government on the Province's population and gross domestic product; however, I did not perform an audit of such data. I also assessed the appropriateness of the calculation and presentation of the information contained in the statements.

Opinion

As a result of applying these procedures, I am of the opinion that the information included in the statements titled Summary of Provincial Debt as at March 31, 2001, Key Indicators of Provincial Debt for the Fiscal Year ended March 31, 2001, and Summary of Key Benchmarks for the Fiscal Year ended March 31, 2001 are, in all significant respects, consistent with the sources from which they are extracted, and are presented in a manner consistent with the requirements of the fiscal planning framework.

Disclaimer

I have not been associated with the development of the Government plans to manage provincial debt or the five-year fiscal planning framework, nor have I audited them. This fiscal planning framework is the responsibility of the government. My responsibility is limited to examining the information included in the statements specifically referred to in the above scope paragraph, based on the definition of provincial debt as outlined in the preamble to this report.

Wayne Strelioff

Victoria, British Columbia
July 12, 2001

Wayne Strelioff, CA
Auditor General

Summary of Provincial Debt[1] as at March 31

In Millions

Taxpayer–supported Debt	2001 $	2000 $	1999 $	1998 $	1997 $
Provincial government direct operating[2]	12,069	13,833	12,190	11,488	11,030
Education[3]					
Schools	3,880	3,609	3,261	2,990	2,835
Post–secondary institutions	1,383	1,369	1,336	1,362	1,395
	5,263	4,978	4,597	4,352	4,230
Health Facilities[3]	1,789	1,451	1,282	1,417	1,431
Highways, ferries and public transit					
BC Transportation Financing Authority	2,197	1,843	1,433	1,089	921
British Columbia Ferry Corporation[2]	21	24	973	795	685
British Columbia Transit	75	79	59	1,579	1,538
Public transit[3]	948	952	987		
SkyTrain extension[4]	836	488	133		
Rapid Transit Project 2000 Ltd.	114	101	56		
	4,191	3,487	3,641	3,463	3,144
Other					
British Columbia Buildings Corporation	610	615	715	735	736
552513 British Columbia Ltd. (Skeena Cellulose Inc.)[5]	337				
British Columbia Systems Corporation[3]					19
Social housing[6]	265	205	183	175	152
Homeowner Protection Office	71	34	11		
Universities and colleges	124	130	137	144	154
577315 British Columbia Ltd. (Western Star Trucks Holdings Ltd.)		62			
580440 British Columbia Ltd. (Vancouver Trade and Convention Centre)[2]		3	29		
Local governments	8	9	10	10	11
Other[7]	235	347	381	367	368
	1,650	1,405	1,466	1,431	1,440
Total taxpayer–supported debt	24,953	25,154	23,176	22,151	21,275

Summary of Provincial Debt[1] as at March 31—Continued

	In Millions				
	2001	2000	1999	1998	1997
Self-supported Debt	$	$	$	$	$
Commercial Crown corporations and agencies					
British Columbia Hydro and Power Authority	6,852	6,945	7,474	7,234	7,477
British Columbia Railway Company	603	655	607	503	412
552513 British Columbia Ltd. (Skeena Cellulose Inc.)[4]		280	221	157	
Columbia Basin Power Company[5]	93	94	94	95	96
Columbia Power Corporation	20				3
Other[6]	2	3	3	3	8
	7,570	7,977	8,399	7,992	7,996
Warehouse Program	1,312	1,320	658	212	100
Total self-supported debt	8,882	9,297	9,057	8,204	8,096
Total provincial debt	**33,835**	**34,451**	**32,233**	**30,355**	**29,371**

[1] Debt is after deduction of sinking funds and unamortized discounts, and excludes accrued interest. Government direct and fiscal agency debt accrued interest is reported in the government's accounts as an accounts payable. Figures for earlier years have been restated to conform with the presentation used for 2000-01.

[2] Effective March 31, 2000, the provincial government assumed responsibility for the fiscal agency loans of the British Columbia Ferry Corporation ($1,080 million) and 580440 British Columbia Ltd. (Vancouver Trade and Convention Centre–$70 million).

[3] Represents government direct debt incurred for capital financing of education and health facilities and public transit infrastructure.

[4] Based on the outlook for world pulp prices and their potential impact on 552513 British Columbia Ltd. (Skeena Cellulose Inc.) the debt was reclassified as being taxpayer-supported in 2000-01. As the province is not the sole shareholder of Skeena Cellulose Inc., a portion of this debt may be attributable to the minority shareholder.

[5] The provincial government assumed the debt of the British Columbia Systems Corporation.

[6] Includes debt of the British Columbia Housing Management Commission and the Provincial Rental Housing Corporation.

[7] Includes debt of the British Columbia Assessment Authority, Pacific Racing Association (fiscal agency loans), Victoria Line Ltd., student assistance loans, loans guaranteed to agricultural producers, guarantees issued under economic development assistance programs and the former British Columbia home mortgage assistance and second mortgage programs, and non-guaranteed debt of the British Columbia Securities Commission, Forest Renewal BC, Legal Services Society, Okanagan Valley Tree Fruit Authority, Pacific National Exhibition and Tourism British Columbia. During the period 1995-96 to 1999-00, only an estimate for loan defaults had been included as government guarantees for student loans. Amounts have been restated to add the following guaranteed loans: 2000-01–$129 million, 1999-00–$224 million, 1998-99–$226 million, 1997-98–$187 million, 1996-97–$128 million, and 1995-96–$53 million.

[8] Columbia Basin Power Company is a joint venture of Columbia Power Corporation and Columbia Basin Trust.

[9] Includes non-guaranteed debt of the British Columbia Lottery Corporation and British Columbia Liquor Distribution Branch.

Key Indicators of Provincial Debt[1] for the Fiscal Years Ended March 31

	2001		2000	1999	1998	1997
	Budget	Actual	Actual	Actual	Actual	Actual
Debt to Revenue (percent)						
Total provincial	109.0	83.3	102.3	103.0	99.2	98.2
Taxpayer-supported	114.3	90.1	101.5	99.5	94.2	91.8
Debt per Capita ($)[2]						
Total provincial	8,964	8,326	8,553	8,062	7,665	7,566
Taxpayer-supported	6,852	6,140	6,245	5,797	5,594	5,480
Debt to GDP (percent)[3]						
Total provincial	30.7	26.9	29.0	28.3	26.7	27.1
Taxpayer-supported	23.5	19.9	21.2	20.3	19.5	19.6
Interest Bite (cents per dollar of revenue)[4]						
Total provincial	8.4	6.4	7.5	7.8	7.6	8.0
Taxpayer-supported	8.3	6.8	7.2	7.4	7.0	7.3
Interest Costs ($ millions)						
Total provincial	2,812	2,604	2,528	2,452	2,319	2,386
Taxpayer-supported	2,024	1,871	1,785	1,723	1,656	1,692
Interest Rate (percent)[5]						
Taxpayer-supported	7.7	7.5	7.4	7.6	7.6	8.2
Background Information:						
Revenue ($ millions)						
Total provincial[6]	33,472	40,609	33,679	31,294	30,593	29,919
Taxpayer-supported[7]	24,399	27,681	24,784	23,285	23,525	23,174

Key Indicators of Provincial Debt[1] for the Fiscal Years Ended March 31—Continued

	2001		2000	1999	1998	1997
	Budget	Actual	Actual	Actual	Actual	Actual
Total Debt ($ millions)						
Total provincial	36,473	33,835	34,451	32,233	30,355	29,371
Taxpayer-supported[8]	27,881	24,953	25,154	23,176	22,151	21,275
Provincial GDP ($ millions)[9]	118,820	125,690	118,783	113,945	113,596	108,454
Population (thousands at July 1)[10]	4,069	4,064	4,028	3,998	3,960	3,882

[1]Figures for prior years have been restated to conform with the presentation used for 2001.
[2]The ratio of debt to population (e.g. 2000/01 debt divided by population at July 1, 2000).
[3]The ratio of debt outstanding at fiscal year end to provincial nominal gross domestic product (GDP) for the calendar year ending in the fiscal year (e.g. 2000/01 debt divided by 2000 GDP).
[4]The ratio of interest costs (less sinking fund interest) to revenue. Figures include capitalized interest in order to provide a more comparable measure to outstanding debt.
[5]Weighted average of all outstanding debt issues.
[6]Includes revenue of the Consolidated Revenue Fund plus revenue of all Crown corporations and agencies.
[7]Excludes revenue of commercial Crown corporations and agencies.
[8]Excludes debt of commercial Crown corporations and agencies (including non-guaranteed debt) and funds held under the province's warehouse program.
[9]GDP for the calendar year ending in the fiscal year (e.g. GDP for 2000 is used for the fiscal year ending March 31, 2001). GDP for 2000 is a Ministry of Finance and Corporate Relations estimate (GDP numbers were not available from Statistics Canada at the time of publication).
[10]Population at July 1st within the fiscal year (e.g. population at July 1, 2000 is used for the fiscal year ending March 31, 2001).

Summary of Key Benchmarks for the Fiscal Year Ended March 31, 2001

	2001 Benchmark	2001 Actual
Taxpayer-supported debt as a percent of provincial GDP	22.0 to 27.0[1]	19.9
Taxpayer-supported interest expense per dollar of revenue (cents)	cap of 9.0[2]	6.8

[1]Benchmark presented in the *Budget '99 Reports* document was retained by government for fiscal 2000/01.
[2]Benchmark presented in the *Budget '98 Reports* document was retained by government for fiscal 2000/01.